THE

LABOUR MONTHLY

A MAGAZINE OF INTERNATIONAL LABOUR

Editor: R. PALME DUTT

Volume 13 September, 1931 Number 9

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A Magazine of International Labour

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NOTES OF THE MONTH

"National Emergency"—What Means this Crisis?—Panic Expressions—The Real Crisis—Symptoms and Realities—"A Foreign Conspiracy"—The Credits Question—The Budget Controversy—The Fundamental Crisis—The Decline of Capitalism in Britain—What Decline Means—Dragging on by Parasitism—Basis of Parasitism Now Crumbling—The Financial Crisis—The Possibility of Real Bankruptcy—Supreme Offensive Against the Workers—The Labour Government and the Bourgeoisie—The T.U.C. and the I.L.P. "Opposition"—Bristol—United Working Class Front—"Death by a Thousand Cuts."

"Many of our good comrades who in days gone by taught us to believe there was no remedy other than the abolition of capitalism seem afraid now that the system is collapsing, and appeal for a united effort to patch up the system with the aid of the present possessing class."—*Chairman's Address, Scarborough Trades Union Congress, 1925.*

THAT was six years ago. What has changed since then? The crisis has grown greater. The collapse has grown more open, universally admitted, desperate and urgent. To-day the cry of "National Emergency," of "Britain in Danger," of "Sacrifice All Round" drowns all other issues. And to-day the Bristol Trades Union Congress meets to hear the "appeal for a united effort to patch up the system with the aid of the present possessing class"—from their own Labour Government in open union with the leaders of capitalism. The collaboration that the Trades Union Congress criticised six years ago as the false response to the crisis, as the betrayal of socialism at the very moment when the fight for socialism was most needed, has blossomed out, now that the collapse has become more open and extreme, into the direct coalition of the Labour Government with the Conservative and Liberal leaders and the City

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in the " appeal for a united effort " to save capitalism. And the same " left " leaders, who were so loud in their criticism six years ago, have now passed over with the rest, have also grown " afraid," as the crisis has grown greater, and have joined the panic-stricken mob of the saviours of capitalism (for the nominal " opposition " of the T.U.C. General Council is, as we shall have occasion to see later, a criminal farce). But for the working class the issue of the socialist revolution or destruction only stands out the more bare and inescapable, as the crisis and collapse extends. The path of " united national effort," of saving capitalism, only leads to greater destruction, to worsened and again worsened conditions, to greater crisis. The years of experience since the turning points of the General Strike and Mondism have deeply reinforced the lesson. With relentless completeness the falsity of every alternative path to the socialist revolution stands revealed. With every delay the inevitable advance of the situation only brings out the basic issues the more sharply. The scale of the issues was great in 1925 ; it is far greater to-day. The path of capitalism is the path of suicide. The leaders who have led to this morass can only prescribe more of the poison that has produced this outcome. Never was there greater need for a clarion call to the working class to break through the web of lies and miasma of the " united national effort," to raise the banner of socialism and class struggle, to take the leadership in their own hands as the sole path forward—to learn the true lesson of the crisis, the lesson that grows more urgent with every year and every month, as British capitalism treads the path to destruction.

WHAT is the meaning of the present financial and economic crisis, which has now become the subject of such a raging and tearing capitalist campaign for drastic measures ? Study it well ; examine it well ; there is much to learn from it. For ten years we have spoken continuously of the central fact of the decline of capitalism in Britain, of its deeper permanent causes, of its chronic and accelerating character, of the consequent illusion

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of all the reform programmes and programmes of capitalist reconstruction, and the inevitable revolutionary issue confronting the working class. In the early years of the crisis not one of the leaders of capitalism, not one of their economic experts and professors, not one of the Labour and Fabian experts, showed the slightest understanding of the real trend of events. They spoke airily of a temporary post-war unsettlement, of the impoverishment of Europe, of the necessity of stabilising the exchanges ; they looked each year for recovery round the corner (they still do so, because the July exports showed a tiny increase on the June figure—the principal increase, on a detail inspection, proving to be a doubling of the exports of macintoshes) ; when stabilisation brought no recovery, they staked all on the magic of rationalisation. On the basis of these dreams of capitalist revival, of a " new capitalist era," the Labour and I.L.P. conjurers and charlatans built their cloud-castles of vast schemes of social reforms and infinite promises, according to the basic recipe of the Fabian myth of " socialism by taxation," and called the workers to a lighter, softer, easier path of abundance and prosperity than the hard path of class struggle. Where to-day are all these dreams ? Where are the promises of Mondism ? Where are the promises of the Labour election programme of 1929 ? Crisis and disaster, now that they hit them between the eyes, can no longer be denied. But the lessons of the crisis are not learned ; still only the surface signs are seen. They can only turn in panic to emergency measures, at the dictation of the City, to save capitalism by throwing heavier burdens on the workers, to economy, to desperate efforts to balance the budget, to tariffs, to the whole Conservative programme. Their emergency proposals are a denial of all their previous propaganda. But they can only deepen the crisis.

NOTE first the panic and even extreme exaggeration of the immediate crisis that descended on the whole of British bourgeois expression, including Labour expression, at the moment of the most direct shock, in the days of July, after the failure of the London Conference and

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in face of the gold withdrawals. Only three months before, the *Daily Herald*, with its usual brazen manner of cheery insult to the intelligence of its readers, was sprawling out in streaming headlines :

BRITAIN HEADING TOWARDS PROSPERITY.

TRADE BLIZZARD ENDING.

> At last a real revival of trade is in sight. . . . Many references have been made to a possible improvement in trade. Now there are definite signs of recovery. (*Daily Herald*, April 10, 1931.)

along with a suitable editorial, " The Turn of the Tide." Within three months the same *Daily Herald* was writing :

> Never since the fateful days of August, 1914, when war or peace hung in the balance, was this country nearer to crash and calamity than during the last seven days. . . . When the full history is written, people will be amazed to learn how near we were to the edge of the precipice. A moratorium in this country was being seriously discussed in some quarters. . . . Others talked of a National Government as the only way out of the impasse. (July 20, 1931.)

In the same vein, the comparison to August, 1914, or to the General Strike, was universal. The London correspondent of the *Manchester Guardian* wrote :

> Behind the façade London is really at high nervous tension. " There has not been a time like this since the eve of the General Strike " was a remark made yesterday by a very well-known business man who is usually described as an optimist. The word " moratorium," with its connotation with the first days of the Great War, is filling people's minds.
>
> (*Manchester Guardian Weekly*, July 17, 1931.)

The Labour Ministers were fully swept by the panic. Henderson in Paris, according to the diplomatic correspondent of the *Daily Telegraph*, startled French opinion into the expectation of the imminent collapse of London by the

> sensational description given by Mr. Henderson of the financial and economic plight in which, according to him, Great Britain now found herself. Mr. Henderson, it is said, went so far as to speak loosely of the possibility of Great Britain herself having to declare a moratorium, should Germany declare one.
>
> (*Daily Telegraph*, July 25, 1931.)

In this spirit he proceeded to " give way and to accept practically all the conditions laid down by the French," and so

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" dished the hopes " set by British policy on the London Conference (intended for the basic revision of debts and reparations). And the ineffable Thomas was stirred by the crisis to give expression to the true Confession of Faith of a Social Fascist, conscious of his divine mission to save capitalism :

> Not since August, 1914, has there been an occasion when things were more serious than they are at the present moment. . . . I conscientously believe that it is a Divine Providence that has ordained that a Labour Government and a Labour Prime Minister should face this problem. (*Daily Herald*, July 21, 1931.)

WHAT lay behind the genuine panic of July, and the more consciously engineered panic of the subsequent weeks, that has been let loose in order to stampede working class opinion into acceptance of the " National Emergency," with the " union sacrée " as in war-time, and the consequent ruthless Economy Plan ? Many workers ask : Is the crisis serious, or is it a mere " stunt " of the possessing classes to push through cuts against the workers ? Are not the wealth and profits, the dividends and super-tax incomes, of the ruling class in Britain higher than ever, enormous, extravagant beyond computation, that they talk of the danger of " bankruptcy " and come to steal the loaf from the unemployed worker and from starving women and children ? Is not the whole so-called financial crisis a flutter of the international financiers, who have gambled in shaky credits abroad at high profits, to the negiect of urgent home needs, and now, when the risk comes home, clamour to be saved ? Let them economise ; the only emergency for the workers is the emergency of the attack on the working class. And in fact such an answer is a fully adequate answer to the Economy mongers, to the Labour Government and General Council, the guardians of capitalist profits, who have the insolence to come forward with demands for cutting the workers in the name of " equality of sacrifice." But it is not an adequate answer to the situation for the working class. For there is a crisis, a real crisis of capitalism in Britain, which is increasing, and can only increase, within the conditions of

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capitalism; and which will bring, so long as the reformist policy is followed of adaptation to capitalism, impoverishment and starvation on a scale still undreamt of, unless the workers take the situation in hand in time, to expropriate the capitalists and organise industry. Therefore the answer of the working class to the crisis must be, not only unyielding opposition to cuts and to every attack, but at the same time to push forward, now more than ever, the conscious revolutionary programme as the sole solution and positive answer.

CERTAINLY, the immediate issues, of the financial question, of the credits question, of the gold question, and also of the Budget, are still only surface questions —symptoms of the disease, but not primary causes. There is little attempt, there can be little attempt on capitalist premisses, to look further and face what lies behind them. In the eyes of the *Daily Herald*, always eager to catch at any jingo cry to cover up real issues, the whole trouble is a foreign conspiracy to destroy British credit:

> There is a conspiracy afoot these days to shake the financial credit of Great Britain and destroy the confidence of European countries in the stability and solvency of the London money market. . . .
>
> We are in the presence of a deliberate and considered attempt on the part of certain French interests to break down British credit on the Continent. (July 29, 1931.)

"Mischievous and grotesquely untrue rumours," the same editorial proceeds to allege, have been spread. The instances chosen to prove this are less happy. The first "mischievously grotesque and untrue rumour" was the talk of the possibility of a moratorium in Britain (previously spoken of in its own columns as "seriously discussed"); the second the report of a French credit to the Bank of England to help maintain the gold standard (subsequently carried out). The examples of these over-zealous champions of London's supremacy are not happily chosen; there may have been a "foreign conspiracy," but it had its relation to realities not to be so easily dismissed.

IT is perfectly true that international antagonisms, and in particular the triangular contest of London, Paris and New York, and the efforts of Paris and New York to weaken and replace increasingly London as world financial

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centre, have played a leading part in the present crisis. The withdrawals of gold by Paris, which coincided with the London Conference, had previously, it was noted, similarly coincided with the London Naval Conference of 1930, and with the Hague Conference of 1929; that is, they were an economic-political action of a conscious strategic character. It was the combined French and American opposition, the French opposition to any discussion of the question of reparations, the American to any of war debts, that wrecked the British plan of the London Conference for a basic revision, and confined it rigidly to a mere maintenance of the status quo and immobilising of existing credits in Germany, thus leaving London's problem of its own locked-up credits and consequent difficulty in meeting its own creditors as acute as ever. And in the next stage, since the London Conference, while France has used its favourable position to extend and strengthen its hold in Europe, conspicuously scattering largesse of loans and credits in directions where London has had to refuse (Hungary, Latvia, &c.), and pressing forward its offers to Germany for a bargain (with money in one hand and political conditions in the other), America has helped to break the Anglo-German front that was threatened by Chequers and press Germany towards the arms of France by insisting that America can give no assistance until a satisfactory agreement has been reached by Germany with France. The bearing of these moves, both on the formation of the united anti-Soviet front, and on the Anglo-American antagonism, is strongly visible. But the power of pressure on London, the "foreign conspiracy," could not exist, unless there were basic inner weakness in the position of London; and it is this that is now important to clear.

AT the same time, neither the question of the short-term credits, nor the question of the Budget, which are commonly put forward as sufficient explanation of the financial crisis, can be regarded as adequate, although both have their importance as soon as they are understood in relation to the total situation. On the one hand, it is pointed out that

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London as an international financial centre holds short-term credits and balances of foreigners to an estimated total of two hundred and fifty million pounds; that against these it holds credits abroad including eighty millions in Germany now immobilised; that this in turn led to foreign doubts of London's position and a consequent run on London, with resulting depression of the pound and outflow of gold, and the danger of the run reaching proportions when it could not be met. If this, however, were all the crisis, if there were no deeper questioning of London's position, then the only question would be one of meeting the immediate danger of a run, as was done by the French-American credit of £50 millions; once this was successfully tided over, there would be no question of the fundamental soundness of the position, especially with four thousand millions of long-term capital held abroad as final assets in the last resort; there would be no occasion to proceed immediately after to a desperate National Emergency campaign.

THE consciousness, however, that more is involved in the world questioning of London's position is shown by the immediate turning next of attention on to the issue of the Budget. But here again the immediate cause alleged is inadequate to the crisis. The May Committee endeavours to startle opinion with an alarmist figure of an estimated deficit of £120 millions on next year's budget. In fact, however, the *Economist* has to admit that the figure is "seriously overpainted":

> This suggested figure of £120 millions deficit rather seriously overpaints the gloom of the immediate budgetary prospect. . . . Happily the position is not anything like as bad as that.
>
> (*Economist*, August 8, 1931.)

£50 millions of the "deficit" turns out not to represent expenditure at all, but only non-paying off of debt, and another £40 millions the borrowings of the Unemployment Insurance Fund, which are still debited to the Fund and intended to be extracted in good time from the workers. At most the deficit would more probably be in the neighbourhood of some

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£50 millions, a very small proportion in relation to the income of the bourgeoisie or unquestioned costs of the debt, and such as would be immediately forthcoming without turning a hair, if some colonial war were in question. The importance of the issue of " balancing the Budget " (it is worth remembering that at the time of Snowden's Budget we said that it represented a fake balance and that its significance was that it would automatically give rise to a Budget crisis in the immediate future, and thus provide the basis for an attack on the workers) is not so much the actual figure involved as the *lead* thereby given for the general attack on the workers, whether by the direct instigation to wage-cuts all round or by the indirect means of a tariff. It is the general situation that is important, and of which the Budget only provides a particular expression.

THE *financial crisis is the inevitable reflection of the industrial crisis in Britain—of ten years' continuous weakening and decline of capitalist industry in Britain.* That is the essential key to the position. It has been the fashion in certain schools of thought, and underlying all " critical " reformist treatment of the recent period (especially in I.L.P. propaganda) to paint a picture of " finance " in Britain as prospering and growing rich at the expense of " industry," and so to reduce all problems to the financial factor, to monetary and credit policy, to gold and currency policy, to the malevolent role of the banks and their supposed " conspiracy " to hold Britain in depression. The obvious surface facts underlying this propaganda (enrichment of the rentier class in the recent period, increase of the burden on industry) are glaring to all, and of the greatest importance, once correctly understood. But to reduce these phenomena to a dramatic conflict of capitalist finance and capitalist industry, and to find the remedy for the whole decline in Britain in credit policy, is to show a complete failure to understand the workings of capitalism, especially in the present period. No such basic divorce can exist. The period of finance-capital, of the growing *fusion* of the banks and industry (with the increasing role of passive rentier capital, of the export of capital, &c.) can show a thousand

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strains and conflicts between differing elements and interests. But there can be no basic division. Capitalist finance does not function in a vacuum, does not draw its profits from the air; the basis remains capitalist industry, the exploitation of the workers in production, from which all surplus is drawn, over which surplus there can be subsequent conflicts as to its partition. If the industrial position is weak, the financial position cannot long prosper, must inevitably sooner or later begin to reflect that weakness and go down with it. And that is what has now begun to develop in Britain.

BRITISH finance-capital as a whole adopted the restoration of the gold standard six years ago, the restoration of the pound at par in relation to the dollar, because its net interests as a whole on balance demanded it, despite the costs and difficulties involved, its interests as a vast long-gathered capital accumulation, which could not easily face writing down without the danger of collapse both in its internal and world position, and not least the interests of its four thousand millions invested abroad and its interests as world financial centre. But in fact the restoration of the gold standard was artificial. As we pointed out at the time, in 1925, it was not based on any recovery in the economic position; it was not based on any adequate industrial strength to maintain it; and therefore, unless the industrial position could be improved, which the deeper causes underlying the decline prevented (and the return to the gold standard only increased the weight of the obstacles), then there would inevitably follow sooner or later a crisis of the gold standard in Britain. That analysis, made in 1925, has shown itself justified. It is this process that has now shown its first signs, and given rise to the immediate crisis and desperate campaign.

WHAT is the position? The economic weakness, the decay of capitalist industry in Britain, which is directly expressed in idle works and three millions unemployed, is reflected in the trade balance and the balance of payments. The fall in exports has been continuous, and

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now, under the pressure of the world economic crisis, has reached an extreme point. In 1924 the volume of exports was already some four-fifths of pre-war. But by 1930 the volume—after allowing for the fall in prices—had fallen to 88 per cent. of 1924, by the first quarter of 1931 to 69.1 per cent., and by the second quarter of 1931 to 65.8 per cent., not of pre-war, but of the already low level of 1924. At the same time imports were not falling equally fast. In money values, exports in the first half of 1931 were 44 per cent. below 1929; imports were 30 per cent. below 1929. That is to say, the absolute volume of the adverse balance of trade is heavily increasing. The discrepancy between imports and exports is growing at a very great pace. In 1930, 42 per cent. of net imports were no longer paid for by exports of goods. *In the first half of* 1931 *the amazing proportion of* 47 *per cent. of net imports were no longer paid for by exports of goods.* This is a stage of parasitic tribute without equal in capitalist history. Nearly half the imports of a nation living to a higher proportion than any on imports were extorted as tribute (with the exception of the small "shipping" proportion of "invisible exports") on the basis of privilege and monopoly reflecting past production, and not on the basis of present production, that is, without giving to the world any labour in exchange.

NOW this high passive balance of trade is not in itself any evidence of bankruptcy, as the tariff advocates love to pretend, but only of the general declining character of the whole period of imperialism. The extremely high passive balance of trade (although not relatively so high as to-day) was already long before the war characteristic of British capitalism. This was only the expression of its advanced imperialist position as world creditor, financier, shipper, &c. For the past half-century Britain has been in the parasitic stage of living increasingly on the returns on its accumulated capital throughout the world, and taking a decreasing share in world production and trade. This was expressed in the high and ever-growing excess of imports over exports. It is important to note that the real export of new

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capital, as represented by goods, came to an end for Britain over half-a-century ago. Since the eighties of the last century, with the exception of about a couple of years, British new capital investments abroad have always been less than the dividends on capital previously invested. That is to say, although there has been accumulation and a piling up of foreign capital holdings, there has been no real export of capital, but in reality increasing dependence on tribute to make a balance.

BUT what is happening to-day is that the basis of even this parasitic position is now shaking. Up to the present, the high total income from foreign investments, estimated at some three hundred million pounds a year, or, together with other international financial commissions, &c., £350 millions, has been sufficient to cover the unpaid imports and still leave a net credit balance for new foreign investment. It is just this net credit balance that is now disappearing. In 1929 it stood at £138 millions. In 1930 it had fallen to £30 millions. With 1931, at the present rate, it is likely to disappear altogether or even end in a minus. That is to say, the possibility of a *real passive balance*, or the necessity of drawing on capital, now arises. But from this to the downfall of the capitalist structure in Britain is only one further stage. For the final disappearance of the credit balance would mean that London can no longer take part in any international loan, must inevitably drop out of competition with New York and Paris. The losing of former European spheres to France, the losing of hold on the Dominions to the United States, reflects this. In the fierce conditions of world capitalism there is no peaceful moving down to living on past gains; the maintenance of the world position depends on constant new activity to hold it. From passive spectator and tribute-drawer, without the means of new activity, to becoming elbowed out of the field, and losing even the value of present holdings, is but a short stage, bringing ever closer the menace of crisis and collapse at every shock.

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AND it is here that comes the significance of the question of the short credits. For it has been noticeable that during this period the total of British new capital investments abroad has tended to be greater than the total net credit balance, as estimated by the Board of Trade. That is to say, the fight has been kept up to maintain the world financial position, to maintain the active role, although there has not been the economic basis for it—always in the hope that trade and industry would presently recover and provide the basis. How has this been done? To an important degree, it is impossible to estimate to what degree, by drawing on short credits placed in London as world financial centre. This has been the dangerous tendency spoken of as "borrowing short and lending long." It is obvious that in this process, if any jar or shake happens in the world position, or even affecting short credits lent abroad without a basis of real capital to export and leading to a foreign drawing in of the credits in London, London is at once faced with the menace of a crash. This has been illustrated in the present crisis.

ANY foreign lending, to the extent that there is no real credit balance, inevitably brings the pound in danger and, unless it is covered by a corresponding increase in the export of goods, must inevitably sooner or later throw England off the gold standard. This can only be staved off by mobilising and diminishing a proportion of the existing capital holdings abroad. But thereby in either case (whether rapidly, by falling off the gold standard and the consequent depreciation of all capital holdings abroad, or slowly by eating into the existing capital holdings abroad) the tribute, by which the present artificial balance is maintained, will begin to dwindle; and *real bankruptcy of the whole economic system* will come into view. Unless the credit balance can be restored, by diminishing imports and increasing exports, unless, that is, British trade and industry can recover (and this has to be achieved in the face of the doubled and trebled burdens imposed on industry by the necessities of the gold standard, burdens which the existing capitalist structure in Britain cannot throw

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off, and also in the face of the intensified effort of the relatively less burdened and more efficient apparatus of Germany and the United States also to increase industrial exports in a world of impoverished consumption), *then the collapse of London as the world money market can only follow the already ten years continuing collapse of British industry. This is the heart of the present crisis.* For this would mean the end of the existing capitalist structure and world position of Britain, and leave only the alternatives, either of reduction to a lower semi-starvation level, under fascist forms, or advance to the socialist revolution which can alone solve the problem of the present period.

THIS, then, is what lies behind the present violent campaign and most desperate effort of capitalism to save itself at the expense of the workers. At all costs, exports must be forced up, and imports down; the net credit balance must be rebuilt up; the pound must be maintained at full value, although the cost of maintaining it chokes industry and trade; the deadweight burdens on industry must be maintained, and yet at the same time industry must be made to function at a world competitive level; the budget must be balanced, and yet four-fifths of the budget, sacred to the interests of property, must not be touched—all these are the contradictions for which the only solution in the eyes of capitalism is at every point to drive down the workers. That this solution is finally and inevitably in the end no solution—this does not concern them. Brüning in Germany, Hoover in America and MacDonald in England are all concerned with the same type of programme, the same budget deficit, the same emergency measures, the same drive to force exports up and imports down—a net arithmetical impossibility. But so long as under the pressure of the campaign something can be forced from the workers, that is so much of a further lease of life won.

BUT the execution of this programme presents the bourgeoisie with a political problem—to overpower and paralyse the opposition of the working class, without raising large-scale social conflicts which would

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endanger the whole structure. It is for this task that the whole army of reformism, of the Labour Party, of the Trades Union Congress General Council and of the Independent Labour Party, is essential for the bourgeoisie. The ugly job of launching the heaviest offensive against the workers since the war is entrusted by the bourgeoisie—or, as Mr. Thomas would say, by " Divine Providence "—to the Labour Government, with the threat of replacement if they show any vacillation in their duty. The Labour Government trembling before the issues, seeks national coalition to strengthen its hands ; the bourgeoisie refuses direct coalition, save only support for all necessary measures. It is obvious that the bourgeoisie prefers the dirty work to be done by a Labour Government, thus throwing the responsibility off its shoulders, and at the same time discrediting the Labour Party and throwing confusion into the working class camp ; only in the last resort will it take over and carry through the task as a direct bourgeois coalition, or join hands openly as a national coalition. The Labour Government, hounded on by the bourgeoisie, girds its loins to show its " strength "—against the working class. But the opposition of the working class is overwhelming. The task of " voicing " this opposition falls to the Trades Union Congress General Council, which is already completely implicated in the whole line of the Labour Government, as well as in the line of cuts by its approval of the Abuses Bill, and to the Independent Labour Party, which bears no less responsibility for the return of the Labour Government at the General Election and for its subsequent maintenance. The workers are to look passively and trustingly to these champions of " opposition," while the deal is put through. In the last resort, if the resistance of the working class should prove too strong, the Labour Party also may hand over the reins and proceed to endeavour to voice a farcical " opposition " to a policy to which it has already committed itself.

THE value of this " opposition " of the Trades Union Congress or of the Independent Labour Party can be sufficiently measured by the positive measures they propose. For the line of serious opposition to the logic of capitalism and its cuts is necessarily in its significance a

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revolutionary line; there is no other way out. The logic of capitalism leads to cuts; the only question can be as to the form. But both the Trades Union Congress and the I.L.P. are equally anxious to show their "constructive" solution, to show how the budget can be balanced, to show how capitalism can be saved. The Trades Union Congress presses tariffs as the alternative, which is simply an indirect form of general wage-cut. The Independent Labour Party raises the inspiring slogan, "May versus Macmillan!" (*New Leader*, August 7, 1931), meaning that the line of the Macmillan Report, advocating a measure of inflation and general raising of the price level, should be preferred to the May line of direct wage-cuts:

> Instead of scaling down salaries, wages and doles to suit the price-level, a slow difficult, quarrelsome process, why should we not raise the price level itself to where it stood in 1928? That is what the Macmillan Committee proposed. (*New Leader*, August 7, 1931.)

Could there be a more direct incitement and instruction how to cut wages without the "slow, difficult, quarrelsome process" of open cuts? And these are the self-styled champions of the "opposition" to cuts! In fact, there are three lines open to capitalism: direct cuts, indirect cuts by a tariff, indirect cuts by raising the price-level (dangerous except by international agreement, as theMacmillan Committee advocates) The first two will certainly be adopted; the third eventually may be attempted. All are alternative lines of the offensive against the workers; and in this whole process the Labour Party, the T.U.C. General Council and the I.L.P. all play their part.

THE Bristol Trades Union Congress is directly confronted, and its proceedings overshadowed, by this situation. Fifteen years ago the Trades Union Congress met at Bristol to measure the depths of degradation of national chauvinism, and to hang in servile adulation on the words of a Lloyd George. To-day it meets at a still further stage of capitalist crisis and bankruptcy to hear again a still more ignominious leadership of capitulation and unity with capitalism.

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But the workers have learnt much in between; and the voice of the militant working class, though now almost completely excluded from this congress of the labour bureaucracy for fear of its inevitable growth of strength, will still make itself heard, must use every means to make itself heard. The value of the General Council's leadership in this situation is sufficiently measured by its own principal resolution that it has prepared for this Congress, on "Planned Economic Development":

PLANNED ECONOMIC DEVELOPMENT.

> This Congress welcomes the present tendency to institute a planned and regulated economy in our national life, this tendency being fully in accord with the traditional policy of the Trade Union Movement. . . .

(*Trades Union Congress Agenda: General Council resolution.*)

"Planned Economic Development." "Welcomes the present tendency." This at a moment when the utter anarchy and bankruptcy of the whole system is landing the whole national economy in the morass and confronting the workers with cuts and degradation without equal! What an irony, and what a commentary!

FOR the working class the united front of opposition to the present offensive, the building up and preparing of the widest movement of independent struggle, is now the supreme task. There are many who still hope that some section of "left" reformist leadership, of trade union leadership or I.L.P. leadership, may yet organise the struggle, that the Labour Movement cannot take such an overwhelming blow lying down. Such hopes are false, as the whole experience of the past years shows. In the end the negotiations, if the Labour Government succeeds, will end in an agreed "scheme," which will then be presented for the support of the working class (just like the advocacy of Brüning versus Hitler by the Social Democrats in Germany) as the best that can be obtained, and as necessary to be supported in order to escape the scorpions of the open bourgeois reaction and its threats in the background. If, on the other hand, the Labour Party

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hands over the reins to a direct bourgeois government, it will only be in order to lead and paralyse and stifle the opposition through parliamentary forms. The effectiveness of the workers' resistance will depend entirely on the direct organising and preparing and launching of the struggle and its leadership from below. To develop this is the task of the Workers' Charter campaign.

THE fight draws close. The scale of the issues, involving the whole future in Britain, still only begins to be understood. In the same issue of the *Times* (August 8, 1931) which proclaimed the gathering steps of the economic and parliamentary crisis, the meetings of parties, the hasty negotiations and preparing of a scheme, appeared also another item, a minor item of foreign news. It related how in one of the provinces of China under the rule of the counter-revolutionary government of Nanking (sustained by all the "civilised" imperialist Powers) the ancient, mediæval and barbarous form of execution by torture, the "Death by a Thousand Cuts," had been revived and put into operation. There is a grim appropriateness in this news of the operations of the agents of imperialism in the East, alongside the more subtle, but no less deadly, operations of imperialism in the West. "*Death by a Thousand Cuts*"? But this is no far-off mediæval torture. This is precisely and literally what is in process and confronting the population of Britain, if the working class do not act in time, to arrest the decline, to fight, to overthrow capitalism, and to establish their dictatorship to reorganise the whole society on the lines of socialism.

R. P. D.

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THE BANKRUPTCY OF GERMAN CAPITALISM

By J. L.

GERMAN Capitalism is bankrupt. This is a fact so incontestable that we need hardly fear that the bankrupt capitalists will be able to use the power given to them by the new emergency press decree in order to gloss it over with lies. The attempt to build with the resources of German capitalism an independent imperialist power within the framework of the Versailles Treaty and the Young Plan has failed. All the desperate efforts to escape from the crisis earlier than other capitalist countries, by means of an extreme intensification of mass exploitation and suffering according to the Brüning programme, have collapsed. The whole system erected on the basis of the Versailles Treaty and the Young Plan has fallen to the ground, and now also the the last attempt of Hoover to save the situation, the attempt which was lauded to the skies by the entire bourgeois world and especially by the Social-Fascists has come to nothing. With the German credit system one of the most important foundations, not merely of German, but also of international, capitalism has come to grief.

The *Vossische Zeitung* compared the state of Germany after the collapse of the Danat Bank and the closing of all banks with " quiet after the storm " ; it was argued that the German people have already suffered so much that even the gravest misfortunes could no longer disturb their calm. Such are the phrases with which they believe to be able to exorcise the coming storm. The comparative " quiet " which reigned during the first days after the German bankruptcy became apparent may more correctly be compared with that uncanny, almost audible, hush which occurs after the bursting of a heavy bomb. It is is not yet known who has been hit, who is still unhurt, what has happened and what is to be expected. Those that have been struck must first realise what has happened before they can undertake the necessary salvage measures.

The series of newspaper prohibitions, the new press decree which goes beyond anything to which we have been accustomed and reminds us of the state of seige during the war, serves the purpose of preventing, as far as possible, the masses learning about what has happened and what it is intended should happen, in order that the people may fall an easy prey to the paralysing poison of official optimism.

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Even in this immense catastrophe of German economic life, we must not forget Lenin's principle that there is for the bourgeoisie no situation from which it has no way out unless the revolutionary proletariat prevents it from escaping. German capitalism is bankrupt in the sense that it can no longer be saved without the most far-going international aid, which can only be obtained at the price of the complete renunciation of the last remnant of independence, without the most catastrophic and unbearable intensification of the starvation of millions of people.

What is the explanation of the sudden collapse in German credit, what is the explanation of the complete failure of Hoover's plan within three weeks ?

Interest on loans is, of course, part of the surplus value produced by the workers. Money that has been lent can only be repaid with interest if after having been turned to production it has provided a profit. The German economic system, already much weakened through Reparation payments, has with the help of foreign capital, increased its productive machine immensely during the years of rationalisation. The high interest rates for these foreign loans can only be paid if the rate of profit is correspondingly high. Despite an exceptional increase in the rate of exploitation, the rate of profit, however, had to come down under circumstances such as obtained during the last year of the crisis during which half of the productive machine could not be used. German economy could only pay Reparations and interest, which together amount to considerably more than three milliard Marks annually, by taking up ever new loans. The more insecure the foundations of German capitalism became, the wilder was the speculation. Trust magnates such as the National Socialist brothers, Lahusen, of the Nordwolle concern and bank magnates such as Jacob Goldschmidt of the Danat Bank, are by no means exceptions. They represent the type of those speculators who make transactions running into milliards with borrowed money until their bankruptcy can no longer be hidden.

The basis of this credit fraud without which modern capitalism cannot exist, has already been described in masterly fashion by Marx :

> Apart from the stock company business, credit offers to the individual capitalist, or to him who is regarded as a capitalist, absolute command of the capital of others and the property of others, within certain limits and thereby of the labour of others. A command of social capital, not individual capital of his own, gives him command of social labour. The capital itself, which a man really owns, or is supposed to own by public opinion, becomes purely a basis for the superstructure of credit.
>
> All standards of measurement, all excuses which are more or less justified under capitalist production, disappear here. What the speculating wholesale merchant risks is social property, not his own. Equally stale becomes the phrase concerning the origin of capital from saving, for what he demands is precisely that others shall save for him. The

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other phrase of abstention is slapped in the face by his luxury which now becomes a means of credit by itself. . .

Both success and failure lead now simultaneously to a centralisation of capital, and thus to an expropriation on the most enormous scale. This expropriation extends here from the direct producers to the smaller and smallest capitalists themselves. It is first the point of departure of the capitalist mode of production; its complete accomplishment is the aim of this production. In the last instance it aims at the expropriation of all individuals from the means of production, which cease with the development of social production to be means of private production and products of private production, and which can henceforth be only means of production in the hands of associated producers, their social property just as they are social products.

However, this expropriation appears under the capitalist system in a contradictory form, as an appropriation of social property by a few; and credit gives to these few more and more the character of pure adventurers. Since property here exists in the form of stocks and shares, its movements and transfer become purely a result of gambling at the stock exchange, where the little fishes are swallowed by the sharks and the lambs by the wolves.

(Marx' *Capital*, Vol. III., p. 519-521, Kerr edition.)

The bankruptcy of German capitalist economy combined with its political and social instability which was demonstrated by the elections of September 14, 1930, and the wave of mass strikes and revolutionary actions of the unemployed, had already led before Hoover's action to a severe weakening of German credits abroad. But Hoover's action which was intended to save it, merely killed it completely, however paradoxical that may sound. For the cancellation of debts on the part of America only served to draw the attention of the entire capitalist world to the desperate plight of German capitalism. No capitalist creditor voluntarily gives up sums amounting to milliards owed to him by his debtor. The American Government had declared a thousand times in the name of American finance-capital that America would not dream of cancelling debts and that the Reparations problem was of no interest whatever to America since it was a purely European matter. The sudden change of front could only be explained by the desire of the American capitalists to save their millions of investments by sacrificing a few million dollars for a certain limited period of time.

That was the reason why Hoover's declaration acted as the alarm signal for international capitalism. Some 1.6 milliards of marks were remitted for the period of one year according to the Hoover Plan, but 3–4 milliards of marks were drawn out of Germany within a few weeks by scared creditors. The closing down of the Danat Bank was the open admission of bankruptcy, not only of this second largest bank of Germany but of the entire capitalist economic policy.

Hundreds of millions which has been squeezed from the masses of the workers have been lost in speculation. The savings of millions of

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small investors are in danger. The collapse of numerous industrial and commercial enterprises of all sizes cannot be avoided. No one knows how long the payment of wages, salaries and benefits will be possible. That is the catastrophe into which the capitalist class, with its Emergency Dictatorship, its Social Fascist props and its Fascist mercenaries has led the German people.

What will happen now ?

One part of the bourgeoisie is proclaiming the slogan of "*national self-help*." Self-help is an excellent word if it means that the working masses, whose very existence is threatened, should help themselves. But the bourgeois propagandists are thinking of something very different. What they mean is that reliance on foreign credits should be given up and trust placed in the capacity of German capitalists and landlords to save the situation. The latter would be able to help themselves—at the expense of the masses. What that means, we are told quite openly by the Reichslandbund.

> "The anxiety in regard to inflation is exaggerated," we are informed by Count Kalkreuth, speaking for the Praesidium of the Reichslandbund, "even without loans the Reichsbank will, when necessary, be able to issue more notes against industrial bills of exchange without destroying the basis of the currency."

That is a nice recipe ! Just at a time when, as a result of the crisis, all the warehouses are full of goods, and no one knowing what prices they will finally realise, at a time when the bills of exchange of the largest and most respected firms are not much safer than the Cheques of the Danat Bank, at such a time the cover of the currency in the form of money and securities is to be replaced by a cover of valueless bills of exchange !

To write openly about the inflation danger has been prohibited by the emergency decree. We therefore have to confine ourselves to a few theoretical remarks on this subject. The childish explanation that a suspension or limitation of payments is due "merely to lack of ready money" has already been thoroughly exposed by Marx :

> Those who say that there is only a lack of means of payment . . . are fools who believe that it is the duty and power of banks to transform all bankrupt swindlers into solvent and solid capitalists by means of pieces of paper. (Marx' *Capital*, Vol. III., p. 606, Kerr Edition.)

Similarly "convincing" is the other argument that there can be no danger of inflation, since its opposite, deflation, *i.e.*, scarcity of money, obtains. In other words, it is argued that because the Reichsbank has not got sufficient currency notes at its disposal to carry out its obligations without reducing its legal cover of 40 per cent. there can be no danger that it proceeds to an excessive issue of paper notes ! The strength of this argument is shown by the fact that the cover of the Reichsbank note issue has been reduced from 43.6 per cent. on July 7 to 36 per cent. on

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July 14. Within this one week the amount of cash and valuta at the Reichsbank has been reduced by about a quarter of a milliard Marks.

The Reichslandbund, moreover, sees quite clearly that its inflation proposals mean *State bankruptcy*. It recommends the partial suspension of payments by the Reich and the payment of unemployment relief in kind, through feeding centres. In order to carry out this programme of " Self-help " a " complete transformation of the Cabinet " is demanded, clearly because such an intensification of the hunger dictatorship would be too difficult without the immediate assistance of Hugenberg and Hitler.

Inflation, state bankruptcy, suspension of all social services, and open Fascist dictatorship in order to carry out these measures—this is, therefore, the way out by capitalist " self-help." Any attempt in this direction, which is being sought after by a large section of heavy industry, and which would amount to the economic war of an isolated capitalist Germany against the whole capitalist world, would inevitably be destined to speedy failure. Hugenberg and Hitler are for this very reason at present no longer so very anxious to secure governing power in the Reich, because they know that even after an experiment of inflation there would be no escape for them as the representatives of the bankrupt German capitalists (Hugenberg has been personally hit by the bankruptcy through his debts with the Danat bank), other than to take the " white flag " to Paris.

On final analysis therefore the " most probable way out " remains the complete capitulation to French imperialism. It is so much the more important to impress on the consciousness of the working masses what this implies, since the Social Democratic press is doing all in its power to create the most disasterous confusion in regard to this question. The impression has been created that the so-called " political guarantees " of France are confined to the new cruisers and the Austro-German Customs Union. But in truth the " real guarantees " demanded by France are concerned with far different objects. If international finance-capital is to advance new milliards to the very shaky German business, it must be certain of repayment with interest at all cost. This implies a new and intensified financial and economic control, new " pledges."

If the present indebtedness has already depressed the situation of the German working masses to an intolerable extent, new loans will certainly not ameliorate this situation, they will on the contrary worsen it considerably. In addition, it must be remembered that the foreign capitalists will use their financial strangle-hold to throttle all those branches of industry, the competition of which is to their disadvantage. Finally it has been sufficiently openly stated that France will not provide Germany with credits if there is any danger that they will be used for the

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financing of Russian orders. Thus, both *increased interest charges and strangulation of production*—such is the "salvation" which will be brought by international capitalism!

Part and parcel of the political guarantees demanded by France are, of course, *guarantees against a proletarian revolution in Germany*. France, the "policeman of Europe" will demand in return for its good money reliable constabulary service against the revolutionary proletariat.

The intensification of the German crisis has at the same time rendered the internal conflicts of international imperialism immeasurably more acute. The imperialists of all countries are unanimous in their recognition of the necessity to save German capitalism, since its collapse would mean losses of milliards for them. The financial collapse of one country, "like a wild-fire" (Marx, *Kapital*, Vol. III) causes a chain of bankruptcies in other countries. This chain began with the collapse of the Austrian Kreditanstalt, the bankruptcy of the Danat Bank immediately caused a decline in the value of the British pound and monetary instability in Paris. The bankruptcy of the debtor brings about the bankruptcy of the creditor.

But while all imperialist powers are interested in the stabilisation of Germany, each of them is most anxious to prevent the others from carrying out this business at his own expense. If it is remembered that the exploitation of so small a country as Morocco twice very nearly led to war prior to 1914, it is not difficult to realise what immense conflicts are called into being when the protectorate over a country like Germany is at stake. Therefore the Paris and London negotiations were not merely concerned to enforce a rupture between Germany and Soviet Russia, in those negotiations a fight was being waged between England and France for the domination of Europe, between American and British imperialism for the domination of the world.

The misery of starvation, Fascism and war—such is the prospect opened up by the capitalist way out! In opposition to this "solution," it is the duty of the revolutionary proletariat to propagate and organise for the socialist way out. Such a solution will find the readier acceptance in view of the patent bankruptcy of the nationalist heroes of German Fascism and of the Social Fascist "doctors" of capitalism.

The National Socialists who formerly could not be loud enough in their protests against bankers and speculators, against the international debt slavery, are now strikingly peaceful and moderate, when it has become apparent to all to what gigantic extent the bank magnates have fleeced the people and brought them to starvation. To their misfortune, their own noble sponsors, the Lahusen and Goldschmidt, were placed in the front ranks of those knights of fortune who have squandered the surplus value pressed from labour and the savings of small people.

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Therefore the National Socialists to-day are directing their attacks not against Goldschmidt or Hoover, not against the German or the international bankers, but solely against—Stalin. Public meetings against Stalin—that is what German Fascism is now offering to its supporters.

The Social Fascists are again remembering their old job of 1914-18, to preach endurance; they are the most eager propagandists of official optimism, of "law and order." Grzesinski welcomes enthusiastically the new press muzzling decree, Severing has left nothing undone to make it effective. Naphtali & Co. are again producing their old, dust-soiled slogans of economic democracy as an infallible recipe. Naphtali makes three demands in the *Vorwärts* (July 7, 1931), which shall save the people: (1) reform of the company law; (2) control of trusts and cartels; (3) control of banks and planned investment of capital.

The State, the executive organ of Goldschmidt, Wassermann & Co., the State of emergency decrees, is to control the economic system with the help of the trade union mandarins!

In contrast to all these humbugging slogans, the Communist Party, the only party whose forecasts have been verified by the facts of the situation, offers its programme of social and national liberation. Without the confiscation of the means of production, without the seizure of power by the proletariat, there can be no way out of the crisis, no end but to economic anarchy. Enslavement to western imperialism means ruin, an alliance of proletarian Germany with the Soviet Union means salvation.

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THE METAL WORKERS FACE FRESH STRUGGLES

By P. GLADING

IN the winter of 1930 the Engineering and Allied Employers' National Federation issued a long and comprehensive statement on the British Engineering Industry entitled "Realities and Problems," which could be truly called a condemnation of capitalism, but by the employers it is called facing the hard facts. After having faced the hard facts the engineering employers come to many conclusions, the chief amongst them being the following:

> The whole nation is living beyond its means. The standard and mode of living which have grown up in recent years have outrun the national income and will require to be brought back to their proper relation.

In view of this statement in November, 1930, it was not surprising that their chief leader, Sir Allen Smith, should issue an invitation to the 40 odd trade union executives to meet him in January, 1931, to discuss the situation. Subsequently the employers made proposals to the unions for the alteration of working conditions which could only be described as staggering. The working week was to be lengthened from 47 to 48 hours, overtime and nightshift conditions and piecework prices were to be cut.

The trade union officials replied, and, according to their leading spokesman, Mr. W. H. Hutchinson, of the A.E.U.:

> proved conclusively that, on the facts and figures of the case, the employers' demands for lower wages or longer hours had no justification whatsoever.—(A.E.U. Report to National Committee).

One would naturally be inclined to think that as the trade union leaders had such conclusive proofs against the employers, they would have summarily dismissed any further overtures from them. But trade union leaders have no such intentions to-day. To rebuff the employers in such a manner would mean that the workers must be mobilised to resist wage cuts. And since Mondism and peace in industry is still the battle cry of the leaders of the trade union movement to-day they accepted the invitation of Sir Allen Smith to "sit down jointly with them to consider the five proposals contained in their statement of the 30th January, 1931," and eventually they jointly submitted some modified proposals to the full Executives of the Unions.

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These proposals, modified though they were in comparison with the original ones, were even too strong for the full executives of the unions, who rejected them. The employers ultimately presented the unions with new terms of employment which would come into operation on July 6.

No time was lost by the A.E.U. officials to seek some avenue to again approach the employers before July 6. Many meetings were organised up and down the country, some of them by the district committees of the unions and some by the Minority Movement. At all meetings the workers expressed in no uncertain fashion their complete hostility to the new terms of employment.

But such expressions of militancy did not spur the reactionary officials on to undertake a battle to protect the standard of living of the working class. On the contrary, they became feverish in their endeavours to stop a conflict. This could only be done by accepting cuts in wages and worsening the conditions of employment. Thus they eventually met the employers and agreed to accept—without any consultation with the members of the unions or the workers in the industry—such outrageous terms that they can only mean, as subsequent events have indeed proved, that huge cuts in the earnings of the workers will be the result.

It would not be out of place if we examined the conditions of the industry from the point of view of the exploitation which existed prior to the proposals of Sir Allen Smith. In " Realities and Problems " the employers state—" The prosperity of a people depends on their own exertions." From the following data relating primarily to the motor and shipbuilding industries we shall be able to see if the prosperity of the engineering workers is in proportion to their exertions. Rationalisation and intensified exploitation has marked the motor industry and is more easily observed than in some other sections of the engineering industry. Some interesting figures have been published by the Motor Manufacturers of Great Britain which shows the extent of exploitation. Production of motor vehicles in this country reached its highest in 1929 with a total of 238,805, and even in 1930 did not show a great decrease with 236,528.

To appreciate these figures it is necessary to compare them with production, unemployment and the earnings of the workers. We find that production since 1924 has increased from 146,000 cars in 1924 to 236,528 in 1930 or by 61 per cent.; the number of employed increased from 189,722 in 1924 to 206,514 in 1930 or by 8.9 per cent., whilst the registered unemployed rose from 13,618 in 1924 to 40,626 in 1930 and average earnings have fallen by 3.2 per cent.

Mass exploitation is rampant in this section of the industry. Skilled labour is practically eliminated and youth and female labour is exploited

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to the uttermost. A few examples taken from the report on Rationalisation and published in the Report to the National Committee of the A.E.U. for 1931 are illuminating, especially in view of the attitude of the present Executive Council in their endeavours to assist the employers with a drastic cut in piecework prices. The report says :

> The increase in output is particularly marked in Lancashire. Leyland Motors, it is reported, have, by the use of German high speed steel, increased their output from 50 to 80 chassis a week without increasing the number of men employed.

And again,

> The employment of semi-skilled labour is particularly notorious in the Midlands and in the motor industry.

In Austin's the delegate reports that :—

> The practical elimination of skilled labour has been going on for some time.

In Rover's of Coventry,

> There is not a single centre lathe. All the work formerly turned is now done on machines operated either by semi-skilled or unskilled men. Charge hands look to the running of batches of machines. . . . Piecework is the system of production and the men are paid under the gang system.

The exploitation of youth labour can be seen from the following :

> *In one important motor-assembling factory the average age of the workers is only* 18 *years.*—(C. F. Allen, the British Motor Industry).

Another striking feature in the motor industry is the exploitation of women labour. The number of women insured workers rose from 22,820 at July, 1927, to 25,520, in 1930 equal to 12 per cent. In this same period the number of men increased by only 5 per cent. The wages paid to these women and young workers can only be described as scandalous.

Shipbuilding and Ship-repairing Trades.

Here, as in the motor industry, rationalisation has extracted its toll from the workers. Again we can quote the figures supplied by the A.E.U. report :

> During the period of 1920-24 the number employed was 236,740, the tonnage launched was 1,342,050 which equalled 5.6 tons per man per year. During the period 1926-30 the number of employed were 151,445, a decrease of 36 per cent., the tonnage launched equalled 1,262,510, a decrease of 6 per cent., whilst the tonnage launched per man per ton equalled 8.3 *tons, an increase of* 48 *per cent.*

In Marine engineering the report states that while the number of workers employed has decreased by 3.6 per cent., the total output measured in horse power has jumped by 86 per cent., while the output per man employed has risen by no less than 93 per cent., in less than seven years.

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According to figures supplied by the *Statist* in 1930 the average output per head of the workers employed in engineering had risen by no less than 24 per cent.

Finally, the A.E.U. report states :

> Let us instance and compare the index of production of engineering and shipbuilding given by the Board of Trade with the percentages of unemployed. The index of production in December, 1930, was only one-sixteenth lower than for 1928, but unemployment in general engineering nearly trebled between December, 1928, and December, 1930, in marine engineering more than doubled, and in shipbuilding and ship-repairing rose by a half.

Engineering and Shipbuilding

	Board of Trade Index of Production (1924=100)	Percentage Unemployed		
		General Engineering	Marine Engineering	Shipbuilding and Ship-repairing
1928 ..	113.1	9.8	15.3	30.3
1929 ..	121.0	10.3	11.2	23.2
1930 ..	116.7	24.7	32.3	45.1

Such is the picture of rationalisation and exploitation *or the reward for exertion* in the engineering industry. In the face of such raging, tearing speeding-up the Executives of the Unions negotiate with the employers and agree to new terms of employment for the 1,000,000 workers in the industry !

And it is in such circumstances as these that the militant workers, who have warned the workers of what the actions and the outcome of negotiations with the employers would mean, are expelled from the Unions.

Mr. W. H. Hutchinson in his presidential speech to the National Committee of the A.E.U., in May, 1931, delivered the usual " left " type of statements in order to cover up the real issue facing the working class. Subsequent events have proved conclusively that this deceitful leader was simply mouthing phrases when he stated :

> The unanimous demand of every section of the employing class in this country for wage cuts in every industry, is a remarkable example of class solidarity. It would be well for the Trade Union movement if it could present such a solid and united front of the working class.

Talking of the debenture holders he said :

> Year after year they exact their tribute from industry ; year after year their weight falls heavier and heavier. Year after year millions of pounds, squeezed from the labours of our engineers, our steelworkers, and our ironworkers, flow steadily into their pockets. . . . . .
>
> The debenture holders took from the income of 119 steel, coal and engineering concerns no less than £2,600,000. In 1929 they took from 111 concerns £3,200,000. In the past seven years roughly 110 companies have paid out to the debenture holders a grand total of £21,500,000.

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For many years this person has been in the leadership of the A.E.U., many years in the highest circles of the Labour Party. For some years he represented Woolwich on the L.C.C., but he relinquished his seat on that august body to another—who was more in keeping with the moral and intellectual life of that borough. His closing remarks at the National Committee are therefore very illuminating; it can be classified as a 100 per cent. self-condemnation of his past leadership and also a classic example of hypocrisy and untruth, as subsequent events proved. I make no apology for quoting in full:

> Our standard of living in this country has been for years lower than in the United States. *I have shown that it is to-day as low as, or even lower than it is in Belgium.* Since 1922 the British working class has been steadily driven by the continual offensive of the employers back to the 1913 standards, a standard deplorably low. The Amalgamated Engineering Union has always been foremost in the struggle of the working class of this country to improve its standard of living; *we are as determined to-day, not only to be foremost in maintaining that standard, but foremost also in endeavouring to extract from the employers the shorter working week, and the higher wages* which alone can widen the world markets and place the engineering industry on the high road to prosperity. (My italics—P.G.)

Let us now examine the new conditions of employment which Hutchinson and others have forced upon the 1,000,000 workers in the industry, terms which were agreed to within a few weeks of his bombastic speech before the National Committee. These terms amount to the following: Reduction of Overtime conditions for the first two hours; Night shift rates to be cut from time and one-third to time and one-sixth; Overtime on night shift to be cut from time and two-thirds to time and one-quarter for the first two hours and time and one-half for all hours thereafter. But all hours connecting night and day shift shall be paid at the rate of time and one-quarter. The Double Day and Three Shift system will be paid for as follows: 1st shift, 43 hours, paid for on a 45 hour basis; 2nd shift, $37\frac{1}{2}$ hours work paid for on 45 hour basis; 3rd shift, $37\frac{1}{2}$ hours work paid for on a 47 hour basis. Previously the shifts were as follows:

1st, 43 hours	..	47 hours paid for.
2nd $37\frac{1}{2}$,,	..	47 ,, ,,
3rd, $37\frac{1}{2}$,,	..	50 ,, ,,

Piecework prices will be based on the ability to earn 25 per cent. above the basic daywork rates exclusive of war bonus, instead of $33\frac{1}{3}$ per cent. prior to July 6. This new agreement means a reduction in the weekly earnings of many shillings per week. Shift workers will suffer some drastic cuts in wages. So much for Hutchinson's lip-service for protecting and fighting for increased wages, &c.

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On June 20, eight well-known members of the A.E.U. and E.T.U. issued a statement, published in the *Daily Worker*, as follows:

> In spite of the determination of the rank and file of the workers in the engineering industry not to accept any worsening of present conditions, the officials of the trade union concerned have deliberately flouted the decisions of the workers. They are begging Sir Allen Smith to meet them again in order that they can come to a mutual settlement with a view to avoiding a lockout on July 6.
>
> *We warn all engineering workers that they are facing the most serious situation in their history. At once the action of the leading officials must be repudiated in every factory and trade union branch throughout the country.*
>
> Any further delay is simply playing into the hands of the leading trade union officials who, at all costs, are trying to arrange a worsening of actual conditions of 1,000,000 workers.
>
> One thing is clear beyond a shadow of doubt, now Smith and his gang have got the union leaders openly offering to co-operate with them in worsening of the engineering workers' conditions, they will take full advantage and drive home their demands.
>
> But they will reckon without the workers. Every active worker in the engineering industry must explain the meaning of the present manœuvres that are being made; we must show that they are leading directly to worsened conditions by destroying workshop customs, and reducing the rates of pay for overtime and night shifts and pieceworkers.
>
> The active workers must try to get Committees of Action elected in the factories that will represent all the workers, organised and unorganised, skilled, unskilled, men, women and youth, that will carry the campaign into the union branches and engineering districts, and will take the steps to prepare for rank and file resistance of the workers if any settlement is made for worsened conditions of employment.
>
> That will repudiate the action of the union leaders, that will form the organisations and leadership that will enable the workers to carry on the fight against the employers and union leaders' united front.
>
> Particularly do we appeal to all those trade union branches and district committees which have already passed resolutions to at once convene conferences of all the workers in their areas, in order to organise the resistance of the rank and file.
>
> Engineering workers! Every minute counts! The whole force of the union's machinery is being used against one million workers in the industry, but the whole force of the engineering workers as expressed in workshop agitation and organisation can defeat these efforts to reduce the wages and worsen the conditions of employment, and thereby save another betrayal of the interests of the working class.
>
> *Signed:*
>
> JOE SCOTT, London.
> JACK TANNER, London.
> PERCY GLADING, London.
> ALEX. HERMAN, London.
> STEVE NUTTAL, Manchester.
> W. WARD, Sheffield.
> T. SILLERS, Glasgow.
> W. STOKES, Coventry.

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To this statement the little Cæsars of Peckham Road took exception, especially the three last paragraphs but one, and they ask the signatories, or those of the A.E.U., to show cause why they should not be expelled. No charge was made until these comrades told the E.C. of the A.E.U. that they stood by the statement and justified the statement in the light of subsequent events.

The Executive Council then replied in a letter, signed by F. A. Smith for A. H. Smethurst, the General Secretary, containing the following:

> Having regard to the statements made in the paragraphs as quoted, the Executive Council are of the opinion that you have not shown cause why you should not be dealt with in accordance with the constitution of the Union, inasmuch as in the statement referred to you have advocated a form of Organisation of all workers, organised and unorganised, with the object of creating an Organisation and leadership fundamentally opposed to that provided in the constitution of the A.E.U., and incited members to take part in such activities and endeavoured to use the machinery of the Union to convene conferences with this object in view.
>
> The Executive Council have come to the conclusion that your action is calculated to injure the Union; that your conduct has been inconsistent with the duties of a member of this Union, that it is designed to bring the Union into discredit, and is an attempt to break up the Union.
>
> The Executive Council have, therefore, decided to expel you forthwith from membership of the Union in accordance with Rule 21, Clause 1, and in conformity with the resolution passed at the National Committee, 1928, and reaffirmed at the National Committee in 1929, as follows:—
>
> > That this National Committee having considered the industrial and political situation confronting the Labour Movement, and the necessity of securing the Repeal of the Trades Disputes and Trade Unions Act of 1927, in addition to much other long-delayed Labour legislation, directs the attention of the membership to the necessity of securing the return of a Labour Government at the approaching General Election as the only possible way in which this infamous Act can be repealed.
> >
> > To secure the victory, the utmost effort and loyalty must be accorded to the National Labour bodies, viz., the Trades Union Congress and the Labour Party, to which the Union has been so long affiliated. We remind the membership that we recognise these as the only authoritative National Labour bodies entitled to our support, and we repudiate with all the emphasis at our command the attempts of hostile bodies to create dissension within our ranks, for the purpose of defeating the end we have in view.
> >
> > In particular we denounce the attempts of the Communist Party, and its chief subsidiary body, the National Minority Movement, to form rival bodies to the Labour Party and the Trades Union Congress, and to seek to render futile every effort made to ameliorate the condition of the workers of this country by opposing Labour Party candidates in Parliamentary and local Elections, and by constant endeavour to obstruct and frustrate administration of Congress policy by the General Council.
> >
> > We announce our intention to do all in our power to defeat all disruptive tendencies within the Union, and we call upon all our branch, district and national officials to co-operate in refusing to deal with the correspondence of these hostile bodies, and to refuse to tolerate all interferences from them in any of the Union's business.
> >
> > Finally, we authorise the Executive Council to take such steps as may be appropriate within the meaning of the Union's Rules to give effect to the terms of this resolution.

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All the signatories with the exception of Jack Tanner have been expelled from the A.E.U. and the E.T.U., as well as eight others from the Manchester area who also issued a statement urging the workers to resist the encroachments upon the standard of living of the working class.

Tanner sought an interview with the E.C. of the A.E.U. and signed the following statement which appeared in the August issue of the A.E.U. Monthly Journal.

> In signing the statement I admit I failed to fully appreciate all its implications, and that my signing was not in conformity with my position as an official or a member of the A.E.U. I undertake in future to act inside the constitution and abide by the policy as decided upon by the bodies responsible in accordance with rule for formulating the policy of the Union.

Many of the old workers in the industry have received a nasty shock by these expulsions. Many members prided themselves that the A.E.U. was a democratic organisation wherein each was free to advocate a policy of fight against the employing class. But in recent years the Unions have become part and parcel of the State apparatus bent upon assisting the employing class to rationalise and economise at the expense of the working class.

The fight inside the A.E.U. is not finished; it has only just commenced. The attacks of the employing class have not finished but are gathering in intensity. Cuts in basic wages are imminent, interchangeability of labour is essential to the employers, the machine question is of paramount importance, likewise is youth and women labour. This is the next line of attack.

The A.E.U. Executive are determined to assist the employers to save the industry for the debenture holders. Who stands in the way? Only the militant class conscious workers mobilised and enrolled under the banner of the Minority Movement and the Communist Party. They alone are rallying the workers against the onslaught of engineering capitalism and the Trade Union Executives.

The workers themselves will have to decide whom they will follow, Hutchinson and Co. and Wage Cuts, or the Minority Movement and the Communist Party Against Wage Cuts, Against the Employers and their agents, the trade union officials. There is no middle path. Class against Class must be the slogan for all militant workers.

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LEFT WING SOCIALISM AND COMMUNISM

I.—The I.L.P. and the Labour Party

By THOMAS MURRAY

[*The following contribution by an I.L.P. member on the question of the proposed disaffiliation of the I.L.P. from the Labour Party continues the discussion of these issues which has been taking place in the columns of the* LABOUR MONTHLY *since the publication of the Notes of the Month by R.P.D. on "Left Wing Socialism and Communism" in April*, 1931. *Readers are invited to give expression to their views on the subject*].

IT is a commonplace to say that we are witnessing a stage in the evolution of world capitalism and an ensuing intensified crisis in the experience of the working classes of the industrialised part of the world, which demands a review of policy and tactics by all sections of the working-class movement. Particularly is it necessary that those who are conscious of the reality of the class struggle should consider whence they derive the policy they have been pursuing and whither it is likely to lead them.

It seems to the writer that unless a different philosophy from that actuating the present leadership of the workers in the capitalist States is adopted, the workers are doomed to an indefinite period of intensified unemployment and privation. Events are now moving so rapidly that it depends on whether working-class leadership can adapt itself more rapidly than capitalist leadership to the new situation whether industry is to be organised and controlled exclusively for the benefit of the workers or continue to be the property of a reconstituted capitalist class.

War and post-war years have witnessed the complete failure of the "democratic" working-class leadership to cope with the situation and we are painfully aware that throughout Europe these leaders have utterly betrayed their constituents by compromising with capitalism. Not a single instance can be produced to show that such compromise has prevented the standards of the workers being depressed, and certainly not in Britain where a Labour Government has consistently surrendered its principles in order to retain office.

At the moment of writing we are witnessing the sorry spectacle of a Labour Premier and Chancellor consulting together regarding the best

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means whereby the next Budget may be balanced in accordance with the wishes, not of the workers, but of the Governor of the Bank of England and other leaders of capitalist finance and industry.

The recent meetings of the Labour and Socialist International in Vienna were a fiasco and merely provided another demonstration of the sterility of Labour and Trade Union leadership. Of course, this was to be anticipated in the case of a body, most of whose constituents had entered into coalitions or other co-operative arrangements with the Capitalist Parties in their respective countries. What can the workers hope from leaders who are saturated with the philosophy of gradualism and who cry "Democracy" when there can be no Democracy under a capitalist financial dictatorship.

We are therefore forced to the conclusion that nothing is to be gained from a continuance of the confused and hopeless attempts at leadership by the officials of a Labour and Trade Union Movement which has allowed its fundamental principles to be sacrificed to a criminal policy of expediency.

In Britain, the Independent Labour Party has persisted heroically in its attempt to prevent the Labour Party from floundering in the bog of compromise. It has submitted considered schemes for the nationalisation of the credit system and the reorganisation of the basic industries in the interests of the workers. Its group of M.P.'s in the House of Commons has generally resisted strenuously the "economy" and other reactionary proposals of the Labour Government.

But the advocacy of I.L.P. policy, however excellent the proposals may be, has really lost all effect in or out of Parliament, owing to the certainty of their rejection by the reactionary Labour caucus. The I.L.P. has pursued this policy in the belief that it is possible to achieve its aim of working-class rule by means of the machinery of the Parliamentary system as at present constituted, and as the result of influencing the present Labour and Trade Union Leaders. Parenthetically, however, it might be noted here that even if the parliamentary system is to continue it could only function to the advantage of the workers if it were so reformed as to be no longer an instrument moulded to suit the needs of the capitalist class. It therefore must become an instrument entirely suitable for the management of industry and credit in the exclusive interest of the workers. Such a reform would be so revolutionary that it would be opposed by the capitalists as strenuously as a direct attempt at their expropriation.

By the time this is in print it may be quite evident that the I.L.P. has finally to choose between modifying its policy to suit the Parliamentary Labour Party or to submit to disaffiliation. It is clear therefore that the

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I.L.P. must now choose between its abortive and futile attempt to remain in the Labour Party, but not of it, and allegiance to the principle that to compromise with capitalist philosophy and policy is diametrically opposed to the interests of the working class.

It is because I (in common, I believe, with many other members of the I.L.P.) realise that the Party has reached the most momentous crisis in its history and will probably very soon have to find new national and international affinities, or quickly disintegrate, that I readily responded to the Editor's request for my views on the subject. It is no secret that continued affiliation with the Labour Party and consequent tacit approval of the policy of the Labour Government has led to much confusion and divided loyalties within I.L.P. branches and on the part of I.L.P. propagandists.

This confusion must inevitably continue with fatal results unless disaffiliation takes place. I am well aware of course, that a certain type of I.L.P. member would immediately sever his membership upon disaffiliation, but I am not perturbed by such a prospect. Indeed, I would be glad to know that the I.L.P. consisted exclusively of members who fully appreciated and were quite convinced of the reality of the class nature of the political struggle.

Since I believe that the machinery of the I.L.P. could still be of great service to the workers in their struggle for power I desire its continuance, and greatly fear the consequences of its continued affiliation with a Labour Party whose practical policy is founded virtually on the erroneous theory that Socialism can only be introduced with the consent of the capitalist class.

We are met with the argument that to disaffiliate would cut off I.L.P. members from all Labour Party affiliations, as it has the Communists, but if my earlier premisses are accepted then this would be a matter of indifference, and in any case Trade Union membership would still be open to the I.L.P.'er, a much more important consideration. Faith in the principle of Labour Party affiliation and the possibility of reaching "Socialism in Our Time" by that route has led the I.L.P. to place great importance on securing the adoption of its candidates by local Labour Parties. Dependence on Labour Party support has consequently been the chief consideration in impelling the large majority of official I.L.P. M.P.'s to give their allegiance to the Parliamentary Labour Party, while it is probably not unfair to suggest that even the members of the I.L.P. Parliamentary Group are to some extent influenced by similar considerations in their strong opposition to voluntary disaffiliation. Such is the subtle effect of officialdom and it is therefore all the more important that Party policy should be finally decided by the rank and file membership, regarding whom there cannot be the slightest suggestion that their actions are in any way influenced by an acquired vested interest.

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The foregoing is not written without due consideration. My charge against the present policy of continued affiliation is that it seeks to obtain the advantages (?) of affiliation without being prepared to submit to the conditions. Such a policy is neither honest nor is it fair to the workers, who are led to believe that their emancipation can be secured through the Labour Party. Here it may be apt to refer to Lenin's historic opposition to the theory that it is possible for the protagonists of two fundamentally different methods of achieving working-class emancipation to run together in double harness. The analogy can be applied to the case of the Labour Party and the I.L.P.

What is to be done? Is the I.L.P. to continue its policy of fighting a hopeless rearguard action, thus merely serving to cover the inevitable retreat of an effete Parliamentary Labour Party? The I.L.P. Parliamentary Group opposes an Anomalies Bill and the appointment of anti-working-class Economy Committees, knowing full well that in due course the larger Party, of which it forms an integral part, will meekly submit to the blandishments of capitalism and allow the hideous anomaly of poverty amidst plenty to continue and further sacrifices in the sacred name of economy to be exacted from the poorest of the poor. If the I.L.P. is genuinely opposed to the policy of the Labour Government retaining office, in the name of, and with the consent of the Labour Party, by compromising with capitalism, it is not enough that futile opposition should be maintained in the House of Commons.

The Party should withdraw its affiliation, and that forthwith, otherwise it will miss a great opportunity to seize an important and vital share of working-class leadership rendered vacant through the failure of the orthodox Labour Party. Such a policy demands qualities of courage and faith, but if the National Administrative Council would display these by calling an emergency national conference of I.L.P. branches and laying before it a revolutionary policy comprising a demand for the immediate scientific reorganisation of the whole industrial system, including the nationalisation of credit and the expropriation of the capitalist class, it would undoubtedly re-enthuse and stimulate to action a very considerable proportion of the workers, and particularly the unemployed.

The events of 1926 proved that, given leadership, the workers would respond *en masse* to a call to action and there is surely reason to believe that they would so respond again if their imaginations were stirred by such a policy as that suggested. Moreover, the great example and experience of Russia must increasingly act as a potent influence on the minds of the workers of the rest of the world. What can be accomplished in Russia can equally well be accomplished in Britain.

The adoption by the I.L.P. of this policy would of course involve new national and international affinities. Like Joseph Southall, I feel that

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there should be sufficient common ground on which to base a large measure of co-operation between the I.L.P. and the Communist Party of Great Britain. Probably both Parties would benefit considerably by the relationship. The continued affiliation of the I.L.P. with the Labour and Socialist International must be just as fruitless as it has proved to be in the past and as futile as its affiliation with the British Labour Party. The time is therefore opportune for withdrawal and application for affiliation with the Third International.

It seems to me that the I.L.P. aim of establishing "Socialism in our Time" can only be realised by the application of the same principles which have enabled Russia to establish a system which is proving so successful that eminent Socialists and Capitalists alike are compelled to admit that she will never turn back in her advance towards the complete establishment of Socialism. Russia is succeeding because she is applying scientific principles to the organisation of her industries, and because those industries are being run exclusively in the interests of the workers. She has leapt to the forefront in a short decade as the moral leader of the world and her new morality is so fundamentally sound that the rest of the human race must follow, sooner or later, or perish.

The one object of the I.L.P. is to secure complete emancipation and power for the workers. Nothing less is worth striving for, therefore it is imperative that the Party should provide an uncompromising leadership. Otherwise it must cease to function as a vital working-class movement, in common with other agencies which have failed when the crucial test came. "Socialism in our Time" is still a worthy slogan for an I.L.P. which is so profoundly impressed with the importance and urgency of "our time" that it is prepared to throw off the shackles of a traditionalism which has been too often the Achilles Heel of working-class movements.

II.—Where does the I.L.P. stand?

By S.

[*The following letter by one who not long ago was a member of the London Divisional Council of the I.L.P. is further evidence of the ferment now existing within the ranks of the I.L.P. and the growing realisation of the need for a new orientation. It was written in reply to an invitation to speak in support of the I.L.P.*]

I fear you have misapprehended my position. I am not merely sick and tired of the Labour Party, but sick and tired of the I.L.P. I think that not only the L.P. but also the I.L.P. must be exposed. I have not abandoned the struggle but consider that it has to be waged

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against the I.L.P. as well as against other purely reformist organisations. I am sick and tired of the brave words spoken in the House and the refusal of those same daredevils to take up the fight in the country on the outstanding industrial struggles of the day. I am tired of politicians who reject the revolutionary struggle on the one hand and the inevitability of gradualness on the other, and claim to have some super-solution which avoids both these evils, yet can never give any coherent expression to that solution while refusing to admit that there is no such solution. I am sick of policy-mongers who construct marvellous schemes of "Socialism in our Time," the fundamental defect of which is that they take no account of the realities of the class issues which confront any honest socialist prepared to face up to facts. I am fed up with leaders who claim marvellous victories for a left wing policy within the Second International, yet who want to see and who work for "unity within the International,"—a unity which can only be achieved by submission and subservience to the utterly reactionary forces in charge of that so-called International—and who lend their voices to fatuous protests against the "terrorism" of Soviet Russia, in defiance of the realities confronting the Socialists of Soviet Russia and against all truly Socialist unity. I am convinced that the I.L.P. is bankrupt, not because it contains no revolutionary elements inside it, but because those revolutionary elements will be unable ever to give effective expression to their revolutionary approach to socialism through the reactionary machinery of the I.L.P.

The fight to bring the I.L.P. out of the Labour Party is worth waging, but two questions arise. First, is there really any real fight being waged to bring the I.L.P. out, or is not the position rather that the I.L.P. is being quietly but firmly shown the door? If the latter is the case, the I.L.P., and its revolutionary elements with it, cannot hope to carry any considerable body of working-class opinion with it in its "withdrawal" from the Labour Party. And I fear that, so far as the effective presentation of the fight on the floor of the Labour Party conference is concerned, we can abandon all hope of any real fight to bring the I.L.P. out. To the very end the officials of the I.L.P. are seeking to find some compromise which will enable the I.L.P. to stay in the fold. If they fail in finding a compromise, it will be because the Labour Party can do without them, and not because of any adherence to basic principle on their part.

And secondly, if the I.L.P. does leave the Labour Party—what then? Is the I.L.P. going to play the game of attempting to hold the balance of power through their members in the House, and to continue their present policies, merely adjusting themselves to the position of "unattached socialists," carrying on an essentially futile political campaign for the odds and ends of the Living Wage policy? Or is it going to mean a fundamental change in the outlook and opinions of the leaders, a facing up to

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and recognition of the facts of the present situation, and of the necessity to carry on a revolutionary struggle for the overthrow of the present capitalist régime, with all the consequences and the political and economic affiliations that this entails? If the former is to be the case, then, in so far as the I.L.P. is effective, it will be effective in the continuation of its present function of blinding the workers to the dangers and difficulties and also to the hopes and assurances lying in the revolutionary approach; it will continue to be a "spearhead" with a point buried harmlessly in the ground while its shaft is serving as a further buttress to capitalism.

If the latter is the case, then not only will the age of miracles still be with us, but it will entail some hard thinking on the part of those who are discontented with the present situation—thinking that will lead them inevitably to closer and closer co-operation with the really revolutionary elements in the working class of this country.

Go on fighting, then, to bring the I.L.P. out of the Labour Party, but let it be not a rearguard action, as it is at present, but an advance guard action which shall lead the discontent into effective channels. And then it will not be long before we have an effective mass revolutionary movement in this country.

Only—its name will not be the "Independent Labour Party!"

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THE CONGRESS OF VIENNA

By ALLEN HUTT

SEVENTEEN years ago, in August, there should have been a Congress in Vienna, the tenth Congress of the Second International. It never met. This year, at the turn of July and August, there has been a Congress in Vienna, the fourth Congress of the Labour and Socialist International—the same old Second International under another name. In 1914 the Congress that did not meet in Vienna was to have been presided over by Emile Vandervelde, leader of the Belgian Labour Party. In 1931 the Congress in Vienna was presided over by this same Vandervelde, now ex-Minister of His Belgian Majesty.

The circumstance is not lacking in historical irony: and it serves to call to mind all the developments of the intervening years. Above all it drives home the memory of the war, of the collapse of the old International in 1914, of Social-Democracy's supreme betrayal of the working class of all countries. And to-day the social-patriotism, the social-imperialism, of 1914-18, has developed further into social-fascism—into the fusion of the whole bureaucracy, the whole machine of the reformist trade unions, of the Social-Democratic and Labour Parties, with the capitalist State. The aim is by a last desperate effort to intensify the dictatorship of capitalism to such an unheard of degree that the menace of revolution can be staved off. During the years of "peace," Social-Democracy has carried on the war policy of the "sacred union" with capitalism. It stemmed and broke the great post-war revolutionary wave. By murder and terror, by splits and expulsions, by reiterated betrayals which spread apathy and demoralisation among the working class, the Noskes and Scheidemanns, the Blums and Renaudels, the MacDonalds and Hendersons of all countries fulfilled their rôle, in coalition Governments, in "minority" Governments with capitalist support, in sham "opposition," of the "third party" of capitalism. But Social-Democracy has not stood still: it has now reached the stage in which it is, beyond any question, the main social prop of crisis-racked, dying capitalism.

Let us examine in some detail the proceedings of the Vienna Congress. We shall see how it had one aim, an aim which united alike the vast majority and the microscopic "left" minority—viz., how to save capitalism, with all that this implies in the ruthless intensifying of the exploitation of the toilers both in the imperialist countries and in the

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colonies, and in the drive towards war, especially a war of intervention against the Soviet Union.

Some eight hundred delegates gathered in Vienna to discuss the following agenda :—(*a*) The fight for disarmament and against the danger of war. (*b*) The general situation of the Socialist Movement and the fight of the working class for democracy. (*c*) The World Economic Crisis and Unemployment. It is significant that the Congress was on the point of being postponed, since with the dizzy advance of the crisis in Germany all the leaders of the International were working overtime to avert European collapse and revolution. However, it assembled, and the second point on the agenda was amended to :—The situation in Germany and the fight for democracy.

The Congress was composed exclusively of representatives of imperialist countries—60 delegates from the British Labour Party and I.L.P., 97 from the German Social-Democratic Party, 25 from the French Socialist Party, 26 from the American Socialist Party and so on. The Second International retains its character as an organisation of the upper strata of the working class of Europe and North America. In Vienna there was no delegate from a colonial country. There was one Eastern " visitor " put up to speak—a Japanese professor who spoke of the " constructive Socialist work " (!) of the British Labour Government and who bemoaned the growth of Communism in Japan.

Vandervelde's opening speech gave the line of the Congress, the line of saving capitalism. It was necessary, he said, to consider " immediate measures " (unspecified) to deal with the economic crisis and unemployment, since if there were a new enormous rise in unemployment this winter the workers " might sweep away the capitalist system." He declared that there must be financial aid for Germany, but this aid must not be at the expense of French and Belgian reparations (a natural remark for a signatory of the Treaty of Versailles) : the Social-Democrats must support the Brüning Government as a " protection " against " immediate civil war." Germany and Austria, Vandervelde added, were to-day the main front of the " struggle for democracy " : and he plainly implied that these " new democracies " must unite with the " old democracies " of France, Britain and Belgium against " dictatorship "—expressly applying this to the workers' dictatorship in the Soviet Union, the " fungus which has sprung up in the midst of ruins," as he called it.

The anti-Soviet incitement in Vandervelde's speech was also made clear by such phrases as his description of the Second International as a " bastion against the East." And when he came to disarmament, which he pronounced the most vital question before the Congress, he took care to justify the armaments of France and Britain, doing so by an

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attack on the armaments of the United States and a reference to the Soviet Union. He also said that he " understood " the attitude of the French and Belgian Governments in regard to the " German danger."

Vandervelde, of course, does not want disarmament : but he gave a pretended reason for wanting it which was characteristic. " The forthcoming disarmament conference (he said) must be successful because another war would mean world revolution." So that when he went on to say, after a casual and disingenuous reference to the collapse of the International in 1914, that if war broke out again the International would remain intact and would put an end to war, he meant put an end to the world revolution. The Second International, Vandervelde elaborated, would not end the war in the Communist way : which means that it does not propose to turn the imperialist war into a civil war. Yet Vandervelde concluded by saying that if war did break out he was prepared to resort to civil war. A paradox, it seems ? Nothing of the sort : for does not the whole tenor of Vandervelde's speech show that for him " civil war " means the world civil war of capitalism against socialism, of imperialism and its social-fascist instruments against the Soviet Union ?

The path outlined by Vandervelde was duly followed by his compatriot de Brouckère, who opened the disarmament debate. As a prelude to the debate a theatrical Franco-German " fraternisation " scene was staged between Wels and Bracke, who jointly presided at this session : unfortunately the noble sentiments expressed were rather marred by Bracke who, in a moment of social-patriotic candour, confessed that " Socialists will never forget their responsibilities to *their own peoples*."

Then de Brouckère took up his parable : he proposed that the Congress should put forward a " practical " and " moderate " disarmament programme, to establish " equality " between the victorious and vanquished imperialisms in the last war. There followed the usual pious phrases about " an important, immediate and general reduction of armaments," about the " prohibition " of chemical and aerial warfare, about " international control " of arms manufacture and traffic. And the only comment needed on this miserable hypocrisy is that neither de Brouckère nor any other speaker made any reference to the repeated and detailed disarmament proposals, made by the Soviet Union alone and as repeatedly rejected by the imperialist Powers and their Social-Democratic agents. Not for nothing was de Brouckère, a notorious anti-Soviet fanatic, selected as the reporter on disarmament.

The whole disarmament debate and resolution need to be appreciated in the words of R.P.D. in the August LABOUR MONTHLY :

> the preaching of disarmament is for the capitalist powers a weapon of competitive strategy in armaments. . . . Britain and America preach

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> disarmament to the rest of the world : but openly make clear at the same time that they have not the slightest intention of abandoning their own superiority in armaments to the rest of the world.

Noel Baker, the office-boy of Henderson, told the Congress that Britain " would not disarm in isolation," adding that the Congress resolution was in complete accord with the views of the Labour Government. Renaudel (France), on the other hand, declared that the Soviet Union should join the League of Nations and—he hinted—should disarm at once. Capitalism armed, Socialism disarmed : that is a typical perspective of the Second International.

It remains to note how the Congress placed all its faith for " peace " and " disarmament " on the League of Nations and the disarmament conference next year. Geneva has always been Social-Democracy's Mecca, certainly : it remains so, though a note of anxiety is now present, as the workers see through the sleight of hand which presents the thieves' kitchen of the imperialist robbers as " the only international institution which embodies the solidarity of the peoples " (de Brouckère). Noel Baker had to proclaim that " any attempt to discredit the work of the League of Nations was defeatism." Renaudel coolly opined that it was " a tactical mistake (!) to call the League imperialist : to do so weakens the position of Social-Democracy."

Remark, also, the grim contrast between the resolution of the Congress on naval disarmament, *passed on the proposal of the British delegation*, and the facts of naval armaments in Britain. The resolution declared that :

> the Convention to be drawn up by the Disarmament Conference should provide for the measures necessary to bring about the total abolition of all warships over 10,000 tons, of aircraft carriers and of submarines, with such adjustments as may be necessary in consequence of the new forms and strength of naval armaments.

And not a fortnight before the naval correspondent of the *Daily Express* had written :

> A new deadly shell—which has proved by experiments to be " enormously destructive "—has been produced for a new gun for the British Navy. A new form of steel, an alloy called nickel chrome molybdenum, is used. Weight is saved by the use of the new steel, which is an important point in these days, when the size of ships is restricted by international agreement.

Remember that the Labour Government's Admiralty is secretly experimenting with a new " mystery " 5,000-ton cruiser, has launched new submarine aircraft-carriers, and is next year to spend 50 per cent. more on new construction than this year.

One final voice in the disarmament debate demands record as not the least revealing of the whole temper of the Second International. And that was the voice of Jouhaux who, speaking for the resolution on behalf

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of the International Federation of Trade Unions, said with brazen cynicism, that disarmament presented " a conflict between the workers' interests and convictions," since the closing down of munitions and armaments factories meant an increase in unemployment. Comment on this ancient and contemptible jingo " argument " is needless.

It is convenient to remark here on the utter bankruptcy shown on the third point on the Congress agenda. Grimm (Switzerland) presented the report on the economic crisis and unemployment, beginning and ending with—the League of Nations. After a reiteration of the conventional and meaningless demand for the ratification of the Washington Hours Convention, the report sorrowfully admitted that " the endeavours of the League to equate the economic system to the interests of society have not succeeded," but concluded with the fighting call to " strengthen the influence " of Social-Democracy in the League and proposed—" public control " of trusts and cartels. Such is the message of hope that the Second International sends to the scores of millions of starving unemployed in the world to-day.

The debate on the German situation (the second point on the agenda) was the central event of the Congress : and it brought out in the most revealing and merciless fashion the rôle of the Second International—the saviours of capitalism and the harbingers of Fascism. The resolution was presented by Otto Bauer, the great theoretician and leader of centrism, as typified in Austrian Social-Democracy. The resolution may be summarised as follows :

(1) The Governments of the Imperialist Powers are called to organise the widest possible financial assistance for Germany—and so to " mitigate the world economic crisis "—by means of international credit facilities. War debts and reparation payments should be cancelled.

(2) The whole Second International should be mobilised for the defence of democracy : and the German workers must preserve democracy and merit international confidence by a fight on two fronts against Fascism and Communism.

(3) No political conditions should be attached to the grant of credits to Germany *but* Germany should give guarantees that the credits would be used for the purposes of maintaining democracy and peace.

Nothing could have been more categorical and definite than Bauer's speech in introducing this resolution.

> " The world (he said) faces these alternatives : either wide international collaboration to save the economic system, democracy and peace, or collapse and civil war." Bauer called on the workers " to make the greatest sacrifices for democracy " and declared that " we do not want civil war with the capitalists."

" Save the economic system," " make the greatest sacrifices " to preserve the capitalist dictatorship : this was the line enunciated by

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Bauer and endorsed by the Congress. And it was clear that these propositions were not intended to apply only to Germany. Bauer declared :

> Every country which is threatened with disaster would under Socialist conditions have recourse to the methods of Socialist solidarity. But under the existing capitalist conditions this campaign of solidarity must employ capitalist means—namely, credits—although these result in profits for banking capital.

The incisive comment of a responsible bourgeois newspaper, the *Bulletin Quotidien* of French heavy industry, is worth setting beside this :

> The Socialists are calling foreign capital to the aid of Germany. The Social-Democrats live as parasites on the body of capitalism and do not desire its death, since they can exist only at its expense. The Russian Communists slaughtered capitalism in their country out of hand. But neither Blum nor Breitscheid are capable of such an imprudent act as the murder of capitalism—their foster-father.

The " protection " of democracy from Fascism, which was the constant refrain of Bauer and of the debate on the resolution, is a principal slogan of the Second International to-day. It is the justification of coalition Governments and of Labour Governments—that they are a " lesser evil " than Fascism, than open capitalist dictatorship. This was plainly put in relation to Germany by Rudolf Breitscheid, leader of the German Social-Democratic Party (whom the Menshevik trial in Moscow showed to be associated with the interventionists) who said :

> It was not a choice between the Brüning Cabinet and a Socialist Government, but a choice between democracy and dictatorship. The duty of the German Socialists and the International was to prevent the State becoming Fascist.
>
> The German Socialists have not abandoned their basic principles but have been compelled to prevent a swing of Government toward the Right—namely, to Fascism. . . . We made sacrifices for the sake of the future.

And this in Germany . . . . . The country which shows in an absolutely classical form how there is no dividing line between the two forms of capitalist dictatorship represented by parliamentary " democracy " and Fascism, how the one develops into the other. Is there any need to recall the familiar details of the Fascist developments of the Brüning Government itself, which rules arbitrarily by presidential decrees under the notorious section 48 of the constitution, using the State power for the most tremendous drive against the standard of life of the German people, savagely suppressing the working-class press, protecting demonstrations of Fascists while turning loose its police hordes to bludgeon and shoot down demonstrations of workers ? This is the " democracy " which the workers are to " make the greatest sacrifices " in " protecting " (!!) from Fascism.

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It is not a coincidence that French imperialism, the military overlord of Europe under the Versailles system, which the Second International thus supports, is the main organiser of a new war of intervention against the Soviet Union. Nor was it other than in accord with the frenzied anti-Soviet line of Social-Fascism that the Vienna Congress demonstratively elected the Menshevik arch-interventionist Abramovitch to preside at one of the sessions—" as a reply (they said) to the attempt of the Soviet Government to compromise him in the eyes of the world proletariat [O virginal Abramovitch !] in the Menshevik trial."

And now to a final word—on the " left " minority at the Congress, headed by the delegates of the Independent Labour Party, Messrs. Maxton, Brockway and Kirkwood. It was a tiny group, overwhelmed in the block voting by an average of 300 odd to 5 on every issue. But the block vote concealed to some extent the actual strength of this group. It was very vocal. It attacked the disarmament resolution as " inadequate." It uttered bold phrases about meeting war by the " seizure of power." It recited the shibboleths of " Socialism in our Time." It called on the German Social-Democrats to follow a " revolutionary " policy. Mr. Kirkwood wanted the Congress to " give a bold lead to the working class for complete disarmament "—the Mr. Kirkwood who recently declared that the armament-building Labour Government

> was the greatest in British history, and Mr. MacDonald was the greatest Prime Minister the country has ever had. *New Leader*, July 17, 1931.

This is the old and stinking story of centrism—which always comes to the fore with the maturing of the pre-requisites for a revolutionary crisis. The aim now is the same as it was in the days after the war, when the Two-and-a-half (Vienna) International, to which the I.L.P. was affiliated, played a leading part in shielding the utterly discredited majority Social-Democratic leaders and stopping the mass swing to the Communist International.

Then, as now, the tactic was to deceive the workers by bold revolutionary phrases which meant nothing in practice. There is no real opposition between the majority and the " lefts " : only a division of labour. It was characteristic that Vandervelde in his opening speech should have spoken of the " glorious traditions " of the Two-and-a-half International. The Vanderveldes and MacDonalds have greater need of the Brockways and Maxtons to-day than ten years ago. All the more reason for workers to be on their guard against these " left " hypocrites—their most dangerous enemy.

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BERNARD SHAW[1]

By A. LUNACHARSKY

BERNARD SHAW, having reached an advanced age, and at the same time world-wide fame, represents in his person one of the most untrammelled minds of the civilised world.

It is this characteristic which first of all strikes one : a free mind, a free man. Bernard Shaw's freedom has become a noted and big factor of contemporary culture, because it is combined with a potential power of mind and a sparkling sense of humour which has been justly defined as the ability to discern the finest point of resemblance and the finest point of difference.

Bernard Shaw carries his humour to the extent of paradoxes. His paradoxes compel thought, and the bright flashes of his illuminating humour quite frequently, quite unexpectedly, shed light on the thick twilight of the approaching night of capitalism.

Bernard Shaw's freedom, in conjunction with the power and brilliancy of his intellect, has enabled him to disentangle himself from the cobwebs of bourgeois sophistry, bourgeois hypocrisy, and bourgeois prejudices. With the clear sighted eyes of the master-ironist, he sees the hideous ugliness of the present social system, and has succeeded in drawing up an eloquent indictment against the bourgeoisie in unusually brilliant form, provoking as well as convincing. This constitutes the tremendous service rendered by Bernard Shaw.

Shaw is not merely an anti-bourgeois writer. He bodly drew his deductions. He identified himself with Socialism. Yet the same freedom, which Bernard Shaw takes too abstractedly, has prevented him from becoming a real Socialist, an out-and-out Socialist. Socialism can in reality be achieved only by a bitter fight against capitalism. This calls for the organisation of huge masses of millions of people, it postulates mass organisation. These masses must be both disciplined and free. They must be free on the grounds of their class interests, and they must be welded together in a common cause in which the interests of the individual are subordinated to those of society as a whole.

However, people like Bernard Shaw, brilliant representatives of the intelligentsia, show themselves to be " too " free. They begin to doubt whether they are not confronted with some new " slavery," with some new " dogma," with some new " orthodoxy." And here they begin to indulge in irony.

[1] This article appeared in *Izvestia* of July 21, 1931.

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When Lenin, and all of us after him, declare that in our opinion both science and art must be inspired by our party politics, people like Bernard Shaw cannot repress an ironical chuckle ; they are bound to feel themselves at a higher level of mental freedom. They believe that the Party should look for support to the tribunal of free art, while free science and free art are made up of free individuals, each of whom is his own chieftain.

This individualism of Bernard Shaw, in conjunction with his Socialist sympathies, leads to peculiar effects.

Bernard Shaw is an enemy of capitalism, and frequently he applies a keen lancet to pierce bourgeois bubbles and to reveal that they are either empty or filled with malodorous gas. Nevertheless the bourgeoisie does not hate him. On the contrary, the English bourgeoisie forgets that Shaw is an Irishman and is inclined to take great pride in him. He has become a landmark of England, he is the great English word-magician, so to speak. " Our Bernard Shaw," one can hear from the lips of almost every Englishman.

Of course, now and then, Bernard Shaw treats the fashionable bourgeoisie to such a slap in the face that it cannot help frowning, and even getting angry. Nevertheless, it soon becomes reassured : " Oh, it is the witty Bernard Shaw, the unique old man. How can one be angry with him ! He is so fond of paradoxes, and you can't expect him to spare the bourgeoisie or anyone else."

The attitude towards Bernard Shaw is semi-serious. He himself takes a semi-serious attitude towards everything. He has become accustomed to displaying the finesse of his mind and the brilliancy of his style in connection with any problem. Therefore (as in the case of Heinrich Heine) it seems to many people that he is really not interested in " serious affairs," but that he is a peculiar formalist in the realm of irony. This is indeed a wrong notion. Bernard Shaw is capable of expressing bitter indignation, he is at times inclined to wholesome and broad pathos. Yet he is a perfect individualist. He has neither the ability nor the desire to be pledged to a Party.

Bernard Shaw has rendered great services to the nascent new world. Yet, if the fighters for the new world should consist only of people like Bernard Shaw, this new world would never be born.

Therefore, our attitude towards Bernard Shaw is this. We have before us a brilliant man, but " he is not a warrior in either cam] only chance guest." When Bernard Shaw is a guest in the bourgeois camp, we see on his face an expression of humour mingled with scorn, and when he pays a visit to the camp of the fighters " for the great cause of liberty," we see on his face an expression of sympathy that is mingled with humour, because it seems to him that these fighters are rather ponderous, dogmatically credulous people.

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We realise that Bernard Shaw is our ally. Yet, we know quite well that he may sometimes execute some amazing zigzag (he has done so occasionally, indulging in witticism at our expense) and do so in a manner calculated to evoke a satisfied grunt from the bourgeoisie.

Naturally, we have an ardent desire to speak to this remarkable old man at somewhat closer quarters. And now he arrives here as our guest. It is exceedingly curious to see what he writes in his telegram to the General Secretary of the International Union of Revolutionary Writers, Bella Illes. He says that he has little time and he requests that under no circumstances should he be burdened with parades, receptions, or banquets. " I am coming for serious business," he concludes his message.

This is very good. It is good that Bernard Shaw emphasizes that his visit to us is not in the nature of a tour, in order to get fresh material for sundry brilliant puns and phrases intended to show once again his untrammelled freedom of both bourgeois and Communist captivity. This would not be serious business.

He comes here in order to see for himself whether he was right in his recent conclusions that the bourgeois press is lying, that it distorts the reality of our Socialist construction, that this construction is of far greater importance than is presumed in the west. Let Bernard Shaw become convinced of this. He is able, when it pleases him, to quit laughing and to brandish a strong whip. This is what we really expect of him.

In the light of this significant visit by the most brilliant European, I should like to allude to a few other very recent facts. These facts are really remarkable. Not only people like Romain Rolland, or Bernard Shaw, or Herbert Wells, with whom I had a conversation in London about which I wrote recently in " Projector," but also other people are beginning to ponder over the " experiment " being made in the U.S.S.R. Is it not amazing when such a thoroughly bourgeois, though liberal publication as the " New Statesman and Nation " takes Churchill to task and tells him that instead of abusing and plotting against the U.S.S.R., it would be better to learn something from her ? Or, is it not touching when Owen Young, author of the Young Plan, the snare in which Germany is tortured to-day, declares that he can criticise capitalism as well " as any Bolshevik ? " Or, when Professor Calvin Hoover declares that Socialism, for good or evil, has ceased to be a theory and that it exists upon the face of the earth ? Under such circumstances, the penetrating eye of the " free man " will surely discern the real truth which, after all, is the only cause that the great Irish writer is always anxious to serve.

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MARXISM AND THE NATIONAL PROBLEM

By J. STALIN

[*A further section of the article written by Stalin in* 1913, *now published in English for the first time. Previous chapters appeared in the* LABOUR MONTHLY, *June and August*, 1931.]

III.—FORMULATION OF THE QUESTION.

A NATION has the right freely to determine its own fate. It has the right to fashion its structure as it likes, while not encroaching, of course, on the rights of other nations. This is indisputable. But in what precise way ought it to fashion its structure, *what forms* ought it to adopt for its future constitution, taking into account the interests of the majority of the nation and above all of the proletariat?

A nation has the right to build its structure on the basis of autonomy. It has the right even of separation. But this does not mean that it must act in this way under all conditions, or that autonomy or separation will everywhere and at all times be favourable for the nation, *i.e.*, for the majority of its population, *i.e.*, the toiling strata. The Trans-Caucasian Tartars might assemble, let us suppose, as a nation in their Seim (Parliament) and being subject to the influence of their boyars and mullahs decide to resurrect the old forms of society, decide on separation from the State. According to the meaning of the point about self-determination they have a perfect right to do this. But will this be in the interests of the toiling strata of the Tartar nation? Can Social Democracy regard it with indifference if the boyars and mullahs leading the masses in their wake adopt such a solution of the national question? Ought not Social Democracy to interfere in the matter and in a definite manner exert its influence on the will of the nation? Ought it not to come forward with concrete plans for a solution of the question, a solution most advantageous for the Tartar masses?

But what kind of solution would most of all coincide with the interests of the toiling masses? Autonomy, federation or separation?

All these are questions the decision of which depends on the concrete historical conditions in which the given nation finds itself. More than this, these conditions, as always occurs, alter and a decision which is correct at one particular time may prove to be completely unsuitable at another.

During half of the nineteenth century, Marx was a supporter of the separation of Russian Poland, and he was correct, for the question as it then stood was one of the emancipation of a higher culture from its destruction by a lower. The question stood in this way at that time not only from the point of view of theory, not academically, but in practice, in life itself.

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At the end of the nineteenth century the Marxists were already expressing themselves against the separation of Poland, and they were also correct, for during the last fifty years deep-seated changes have taken place in regard to the economic and cultural rapprochement of Russia and Poland. Moreover, by this time the question of separation has been converted from a subject for practice into a subject for academic disputes, practically affecting only the intellectuals abroad. This by no means excludes the possibility, of course, of the coming about of definite internal and external conditions in which the question of the separation of Poland may again stand on the order of the day.

From this it follows that the decision of the national question is possible only in relation to all the historical conditions taken in their development.

The economic, political and cultural conditions which govern a given nation—these constitute the sole key for the solution of the question as to how exactly a particular nation should fashion its structure, what forms it ought to adopt for its future constitutions. In regard to this, it is possible that each separate nation will require a special solution of the question.

If, indeed, a dialectical formulation of the question is indispensable anywhere it is here in regard to the national question.

In view of this we must decisively reject one very widely-spread, very wholesale manner of " solution " of the national question which owes its inception to the Bund. We refer to the light-hearted method of reliance on Austrian and Southern Slavic Social Democracy which are supposed to have already solved the national question and from whom the Russian Social Democrats are simply to borrow their solution. In regard to this, it is proposed that everything which is correct for Austria is correct also for Russia. There is lost from sight the most important and decisive factor in this particular case, the concrete historical conditions in Russia as a whole and in the life of each separate nation within the limits of Russia in particular.

Listen to what is said, for example, by the well-known member of the Bund, V. Kossovsky :

> When at the IV. Session of the Bund the question (the national question—J.S.) was discussed as one of principle, the proposal by one of the members of the Congress that the solution of the question should be in the spirit of the resolution of the Southern Slavic Social Democratic Party evoked general approval. As a result the Congress unanimously adopted . . . national autonomy.

And that was all ! No analysis of Russian actualities, nor an explanation of the conditions of life of the Jews in Russia. First they borrowed their solution from the Southern Slavic Social Democratic Party, then they " approved " it and finally they " unanimously adopted " it ! This is the way in which the Bund formulates and " solves " the national question in Russia.

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As a matter of fact, Austria and Russia present absolutely different conditions. This explains the fact that the Social Democrats in Austria who adopted the national programme at Brünn (1899) in the spirit of the resolution of the Southern Slavic Social Democratic Party (it is true with certain insignificant amendments) did not at all approach it in what we may call the Russian fashion and, of course, did not decide it in a Russian fashion.

First of all, let us note the formulation of the question. How is the question formulated by the Austrian theoreticians of national autonomy, by the interpreters of the Brünn National Programme and resolutions of the Southern Slavic Social Democratic Party, Springer and Bauer ?

Springer declares :

> We shall leave here without answer the question whether a State of different nationalities is possible at all and whether, in particular, the Austrian nationalities are compelled to establish a single political whole ; these questions we shall consider as decided. For anyone who is not in agreement with the above-mentioned possibility and necessity, our investigation will, of course, appear unfounded. Our theme is as follows ; granted that individual nations are *compelled* to carry on a joint existence, what are the correct forms which will give them the possibility of the best possible life. (Italics of Springer).

Thus, the State integrity of Austria is taken as the starting point. Bauer says the same thing :

> We start from the supposition that the Austrian nations remain in the same State union in which they are at present living and we enquire what, within the limits of this union, will be the relations of the nations among themselves and of all of them towards the State.

Once again the integrity of Austria is the first duty.

Is it possible for Russian Social Democracy to formulate the question in this manner ? No, it is not possible. And it is not possible for it to do so because from the very outset it bases itself on the point of view of the self-determination of nations, by virtue of which a nation has the right to complete separation. Even the member of the Bund, Goldblatt, recognised at the second Congress of the Russian Social Democratic Party that the latter could not abandon the point of view of self-determination. Goldblatt declares :

> Against the right to self-determination it is not permissible to raise objections. In a case where any nation is struggling for independence, it is not permissible to oppose it. If Poland does not wish to enter into " lawful wedlock " with Russia, then it must not be interfered with by us.

But from this it follows that the starting point of the Austrian and Russian Social Democrats are not only not the same but, on the contrary, are directly opposed to one another. Is it possible after this to talk of the possibility of borrowing the national programme of the Austrians ?

Further, the Austrians are thinking of realising " the freedom of small nationalities " by the path of petty reforms, by slow steps. Putting

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forward national autonomy as a practical measure, they absolutely leave out of account any radical transformation or the democratic-emancipatory movement which does not exist in their perspective. At the same time, the Russian Marxists connect the question of " freedom of nationalities " with a probable radical transformation, with the democratic-emancipatory movement, having no basis for counting on reforms. And this essentially alters matters as far as the probable fate of nations in Russia is concerned.

> Of course (says Bauer) it is difficult to conceive of national autonomy appearing as the result of a deep decision, of a bold decisive action. Austria will proceed step by step towards national autonomy, by a slow and arduous process, by difficult struggle, as a result of which legislation and administration will be in a situation of chronic paralysis. Not by the path of a great legislative enactment, but by a multitude of separate laws promulgated for separate regions and separate communities will there be created the new just State structure.

Springer says the same thing. He writes :

> I am very well aware that institutions of such a character (organs of national autonomy—K.S.) are not to be created in a single year or a single decade. The reorganisation merely of the Prussian administration alone demanded a prolonged period. The Prussians required two decades for the final establishment of their basic administrative institutions. Accordingly it can well be imagined that I cannot say how much time and what great labours will be necessary for Austria.

All this is said very definitely. But cannot the Russian Marxists connect the national question with any " bold decisive acts ? " Can they count on partial reforms, on " a multitude of separate laws " as a means for achieving the " freedom of nationalities ? " And if they cannot do so and must not do so, then is it not clear from this that the methods of struggle and the future perspectives are entirely different for the Austrians and the Russians ? How is it possible in such a state of affairs to limit ourselves to the one-sided and half-hearted national autonomy of the Austrians ? One of two things is true : either the adherents of " borrowing " do not count on decisive and bold actions or they do count on them but " they do not see what they are creating."

Finally, Russia and Austria are faced with entirely different immediate tasks, in view of which also different methods are dictated to them for the solution of the national question. Austria lives under conditions of parliamentarism : without a parliament, under present conditions, development there is impossible. But the parliamentary life and legislative activity of Austria is frequently brought to a complete standstill owing to the sharp conflicts of the national parties. This also explains the chronic crisis from which Austria has long been suffering. In view of this, the national question constitutes there the backbone of political life, a question of existence itself. It is not surprising, therefore, that the Austrian Social Democratic politicians attempt to solve first of all

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the question of these national conflicts, to solve them finally, on the basis of already existing parliamentarism by parliamentary means.

Such is not the case in Russia. In Russia, in the first place, " there is no parliament, thank God." In the second place, and this is the chief thing, the backbone of the political life of Russia is not the national but the agrarian question. Consequently the fate of the Russian question, and that means also the " emancipation " of nations, is connected in Russia with the solution of the agrarian question, *i.e.*, with the destruction of the relics of feudalism, *i.e.*, with the democratisation of the country. This explains the fact that in Russia the national question arises not as an independent and decisive one, but as a part of the general and more important question of the destruction of feudalism in the country.

> The barrenness of the Austrian parliament (writes Springer) is due purely to the fact that each reform gives rise to contradiction within the National parties, destroying their union, and the leaders of the parties consequently avoid everything which smacks of reforms. The progress of Austria is in general only thinkable if the nations are granted irremovably just positions ; this will take from them the necessity of maintaining parliament sections in perpetual fighting readiness and will enable them to turn to the solution of economic and social tasks.

The same thing is said by Bauer :

> National peace is indispensable first of all to the State. The State absolutely cannot permit that legislation should come to a stop owing to stupid questions about language, petty quarrels of rebellious peoples somewhere about national frontiers or about each new school that is set up.

All this is comprehensible. But it is none the less comprehensible that in Russia the national question stands on a quite different plane. Not the national but the agrarian question will decide the fate of progress in Russia, the national question is a subordinate one.

Thus we have different formulations of the question, different perspectives and methods of struggle, different immediate tasks. Is it not clear that in such a position of affairs to take example from Austria and to devote oneself to borrowing a programme can only be done by people who " decide " the national question on paper outside actual space and time ?

Once again, the concrete historical conditions as the starting point, the dialectical formulation of the question as the sole correct formulation—such is the key to the solution of the national question.

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BOOK REVIEWS

THE THEORY OF THE STATE.

The Marxian Theory of the State, by Sherman H. M. Chang, Ph.D. (Philadelphia: John Spencer, Inc., $2.50.)

An Introduction to Politics, by Harold J. Laski. (Allen & Unwin. Cloth, 3s. 6d.; Paper, 2s. 6d.)

IT is easier for a camel to pass through the eye of a needle than for a bourgeois intellectual to advance to even the first halting and primitive comprehension of Marxism. Of no country is this truer than England. And it is significant that the first book in the English language on a basic question of Marxism which does exhibit a good deal of understanding is by a bourgeois intellectual not from Britain or America but from China, a country oppressed and exploited by British and American imperialism.

Mr. Chang has compiled his book painstakingly and has equipped it with a formidable bibliography and critical apparatus. Its pages teem with enormous footnotes: the atmosphere of erudition is frequently oppressive. But behind this paraphernalia of the University doctoral thesis Mr. Chang has set out a very clear and in general objective exposition of the Marxist theory of the State. He sees that the dictatorship of the proletariat is the fundamental tenet alike of Marxism in its origins and Marxism to-day. He devotes considerable space to demonstrating that present-day Communism and the "original" Marxism are one "single system" and he effectively disposes, with some scorn of the contrary claims of the reformist ideologists with Kautsky at their head.

It is noteworthy that the book reprints in an appendix portions of Engels' famous introduction to the 1895 edition of Marx's *Class Struggles in France*, indicating the infamous Social-Democratic excisions from this introduction which sought to make Engels appear as a hackneyed Liberal. To have the record of this crowning falsification of Engels available in a convenient form in English has long been a need.

Not unnaturally Mr. Chang makes a number of detailed formulations which are erroneous. Thus he speaks of the Soviet State structure as "identical" with that of the Paris Commune. Of the concept of the "withering-away" of the proletarian State he writes patronisingly "it is of little interest to take it seriously"; though there are in fact in the Soviet Union to-day, with the enormous development of the initiative of the masses, of their participation in the ordering of social life and with the advance towards abolishing the distinction between town and country, elements of this "withering-away" already perceptible. He describes the maintenance of the economic independence of the Soviet Union as "nationalistic." And he exhibits a gross underestimation of the vital importance of Lenin's teaching on imperialism in relation to the present day strategic and tactical questions of revolution.

On this last point Mr. Chang descends into Philistinism. A footnote informs us baldly that Lenin's "theory of colonial revolutions" is a "minor extension of Marxism." He therefore proceeds to the distorted proposition that Marxism "aims at nothing but the welfare of the proletariat," excluding the peasantry and the mass of other toilers. His own country, where the

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colonial revolution has reached its highest point, he dismisses with a reference to the " important rôle " of the Chinese Communists, who—sickening euphemism !—" although now somewhat crushed by the Nationalists, are still exerting their influence independently."

When he comes to attempt a final estimate of Marxism Mr. Chang plunges deeper and deeper into the mire, reciting the most hackneyed clap-trap of the professional Philistines. Thus :

> The *main point* in which Marx differs from other thinkers is the method. While they want to try out the *peaceful* method Marx and the Marxists *insist* upon the *revolutionary* method.
>
> The Marxian idea of proletarian dictatorship follows from the revolutionary method. (My italics).

It is clear from this quotation that Mr. Chang has fallen into the ancient error of equating revolution and violence as a matter of principle. And he goes on, in enumerating the " difficulties " of Marxism, to say that " the problem of cost involved in the revolutionary method is given little attention." The " problem of cost " in the counter-revolutionary " method " does not apparently trouble Mr. Chang so deeply, since he disposes of the Kuomintang's bloody reign of terror with the remark that the Chinese Communists are " now somewhat crushed," &c.

" Unless the present social order can be made better in some other way," concludes Mr. Hamlet Chang, academically unable to make up his mind, " Marxism will continue to hold its place in social movements." He frankly admits that if the Soviet Union

> " should catch up with the United States of America in its economic development during the next thirty or fifty years, the soundness of the Marxian socialist system would be established," but " to draw any definite conclusion now is premature."

So Mr. Chang finishes up with a quotation from G. D. H. Cole, and preludes this with a significant reference to the Guild conceptions of Cole and the views of Laski (" one of the best critics of Marxism ") on the State as a sum of " group sovereignties."

> All these suggestions (he declares) are nothing more than a modification of the nature of the State. In other words, they are intended to make the State wither away.

The difference with Marx is that he held that only the proletarian State, established after the overthrow of the bourgeois State, would wither away : whereas Cole and Laski expect to " modify " the present bourgeois State, to make *it* " wither away." And this, says Mr. Chang airily, is a difference which arises from the " difference in method," on the one hand " revolutionary," on the other " peaceful."

Precisely at this point we may turn to the book of Mr. Laski, whom Chang clearly numbers among his mentors. Laski announces that his intention is to outline " the basic problems of politics." His four chapters are all concerned with the State—its nature, its place in Society, its organisation, and its relation to the " international community."

And this leading political theorist of the Labour Party is concerned with " the State " as if it were a thing-in-itself, not as an instrument of class domination. The State, he says, is " a way of regulating human conduct." The State is " a society of individuals submitted, if necessary by compulsion, to a certain way of life." The State " maintains order " and is " entitled " to exact penalties and abrogate " freedom " if there is any " threat to social peace."

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There are to-day unfortunate " economic inequalities " to deal with which Laski suggests nothing except an undefined " policy of continuous reform." Revolution would be a " catastrophe." The State should be organised on the model of British capitalist parliamentarism, " independent " judiciary, " neutral " officialdom, " non-political " armed forces and police. The political form of the engine of capitalist class oppression that has developed in England, is in fact, Laski's ideal—with a few slight titivations. The Soviet system he pooh-poohs : it is " tyranny."

But what of the " modifications " of the bourgeois State, of its " withering away " ? Here we come to the heart of the theory of Laski and Cole. Society, says Laski, is " essentially federal " : so that the problem of the State organisation is " functional." It is necessary for the many associations that exist in society to be " integrally related to the process of government " in order that the " operation " of law shall be " effective." At present " obedience " is not " creative " and " the sense of responsible co-operation which is always wanted in times of urgency, cannot be found when it is needed."

It is thus clear that Laski's " modifications " are by no means intended to secure the " withering away " of the bourgeois State but its *strengthening*. And this attempted strengthening of the apparatus of capitalism's class domination is the very essence of Fascism. Is not the Fascist State, also, a " corporative " State ? Does not the Fascist Mosley, in expressing admiration for the " constructive achievements " of Italian Fascism, use the language of Laski, and speak of the " functional State " ?

What Laski is enunciating is being achieved to-day in the fusion of the Trade Union and Labour Party bureaucracy (for example) with the capitalist State machine—the phenomenon that we call Social-Fascism.

Laski, we see, frankly declares that his conception of a " functional " State is of a more " efficient " State. Precisely. The theories of the Social-Fascists, Laski and Cole, like the " corporative State " theories of the open Fascists, serve as a mask for the extreme intensification of capitalist dictatorship. In fighting these capitalist theories—to-day a fight of supreme importance—we need the fullest possible understanding of our great weapon : the revolutionary theory of the State expounded by Marx and Lenin.

G. A. H.

THE SOCIALISATION OF AGRICULTURE.

Agriculture in Soviet Russia, by Joan Beauchamp. (Gollancz. 2s. 6d.)

IN England the prevalent view of the present phase of rapid construction in the U.S.S.R. is that it is a period of intense " industrialisation," using the term in the common, restricted, sense which excludes agriculture : that is, attention is directed mainly to the huge factories, electric stations, blast furnaces, tractor works and cotton mills which are being erected. According to this view, the success or failure of the Five-Year Plan is bound up with the completion of industrial plants concerned in the production of manufactured goods.

To anyone, however, familiar with Continental or Eastern conditions it will be apparent that, insofar as it is possibly permissible to isolate sections of a unified plan for the purpose of estimating their relative significance, the most important sector of the Five-Year Plan is that dealing with agricultural

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development. This has been clearly expressed by the Russian leaders. For example, Grinko, in his book *The Five-Year Plan of the Soviet Union*, writes:

> We have now come to the most difficult and fascinating problem of these days, the socialist reorganisation of the Soviet village to secure the advance of agriculture in the Soviet Union by socialist methods. This, we may say, is the central idea of the Five-Year Plan now being advanced in the Soviet Union with such remarkable perseverance and creative enthusiasm . . . . . This effort of Communist thought, directed toward overcoming the low productivity of small-size farming and devising the ways of socialist reconstruction, was made the basis for the entire Five-Year Plan.

Joan Beauchamp's little book, based mainly on a tour of many hundred miles in rural districts of European Russia in the summer of 1930, will enable the reader to appreciate the magnitude of the successes already achieved in the socialisation of the countryside. The fame of the gigantic State farms is already world-wide, but the progress of the much more important process of Collectivisation is less widely known. The chapter dealing with this subject is the most valuable part of the book and rightly receives most space. It is made plain that the new stage of development which may be dated from 1928 was rendered possible by the preceding expansion of co-operative organisations amongst the peasantry during the period of N.E.P. Its class basis is also stressed and the technical conditions essential for success.

> . . . . . .the different tempo of collectivisation in the three groups of districts did not prove that the peasants were in favour of collectivisation in one district and against it in another but was merely due to the fact that in some districts more technical resources, more Soviet farms and more machine and tractor stations had been available and the pressure exercised upon the *kulaks* had been greater. . .

For those engaged in countering the "forced labour" and "dumping" campaigns against the Soviet Union, much useful information can be derived from the book—particulars of wages, working conditions, food, and cultural life. From these it can be concluded that already the worker on the State farm is enjoying living conditions as well as a status distinctly above those prevailing anywhere in Europe. The peasant on the Collective farm, though not so well off, is already ahead of his brother in other lands.

> Wherever I went I found great enthusiasm for collective working. Even on the more backward collectives where they had mainly horse machinery they told me that they preferred working together to the old individual system. They realise now how much energy they used to waste getting to and from their tiny strips of land, and as soon as they pool their machinery and resources they find themselves able to cultivate a great deal more land per family than they could before . . . the collective farmers have been successful in increasing the area formerly cultivated by 30 million acres, chiefly by simply combining their old means of production.

In other parts of Europe consolidation of holdings, by which the age-old scattered strips are redistributed to form compact areas, is going on. But, apart from the all-important fact that in these countries the process does actually result in—as it is intended to do—the strengthening of the capitalist system, the rate of change is painfully slow and extremely expensive. For example, in the case of Prussia, according to an article published by the International Institute of Agriculture, August, 1930,

> The principal districts of consolidation are in the western provinces . . . . Consolidation has been effected in those provinces to the extent of 3¼ million hectares. There are still another 2¾ million hectares which require consolidation . . . . . It frequently happens that in mountainous regions a 10 hectare property includes more than 100 separately situated parcels, the average size of a parcel in such cases is only from 3 to 6 are. (1 Hectare=approx. 2.5 acres: 1 are=120 square yards).

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Further on in the article it is stated :

> The participants must as a rule defray the costs . . . . On the level they may be only 30 marks per hectare while in mountainous country they are often over 200 marks . . . . . The costs connected with the engagement of officers amount at the present time to about 250 marks per hectare. These are defrayed by the State.

It is not surprising then to read that the State Settlement Boards have now been in existence for over 100 years !

A few facts such as these serve as a measure of the magnitude of the Russian achievements in the short space of a decade. What will be done in the next ten years when the huge tractor factories and agricultural machinery works are in full working order it is almost impossible for anyone engaged in English agriculture to imagine. The Russian agrarian revolution now proceeding shows the way out from misery and degradation for the peasant masses of the whole world.

H. W. G.

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